

BUDGET 2025-2026

FOR A STRONG QUÉBEC

BUDGET

SPEECH

March 2025



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Delivered before the National Assembly by Eric Girard, Minister of Finance and Minister Responsible for Relations with English-Speaking Quebecers, on March 25, 2025.

Budget 2025-2026
Budget Speech

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INTRODUCTION

Madam President,

Today, I am tabling the Québec government's Budget 2025-2026.

In the last few years, Québec has been marked by unexpected events. The pandemic, which began five years ago, put unprecedented pressure on our public finances, forcing us to redefine our collective priorities. The threat was elusive and unpredictable. We had to react to it with the best of our knowledge.

Today, Québec is facing a different challenge, and we have a responsibility to respond with strength. The new U.S. administration is threatening our economy by proposing protectionist measures, notably in the form of harmful and unjustified tariffs on Québec and Canadian products.

This new administration sees North American economic integration as an obstacle to its prosperity. They are wrong. They want to weaken us. Instead, their actions will spur the transformation of our economy.

This budget presents our government's plan for a more resilient, efficient and innovative economy.

It protects health and education services.

Lastly, it dictates the steps to be taken to restore fiscal balance in five years, as promised.

Madam President, this is a budget for a strong Québec.

FOR A STRONG QUÉBEC

Québec is facing new trade and diplomatic policy directions from the U.S. administration.

It is important to note that in Canada, Québec has led in matters of free trade. For us, this has meant much more than an economic concept. It has meant trust and reciprocity. These are the values that have defined our relationship with the United States up to now.

We have embodied these values during pivotal moments in history.

- Do I need to remind you that our citizens fought side by side in numerous conflicts that marked the 20th and 21st century?
- Recently, during the Los Angeles fires, these values also led Québec pilots to lend a helping hand to their Californian counterparts.

Madam President, the ties that bind us to our American neighbours run much deeper than the current threat, and they will stand the test of time.

U.S. policies are already affecting the North American economic situation by creating uncertainty and undermining confidence.

- In Québec, we expect the effects of tariffs to dampen growth by a total of 0.7 percentage points for 2025 and 2026.
- They will slow trade and weaken the confidence of economic agents, which will limit the growth of investment and consumption.

Nevertheless, real GDP growth should reach 1.1% in 2025 and 1.4% in 2026.

This is the baseline scenario, in which reason will prevail. However, there is another possibility, a precipice, where 25% tariffs are imposed on all goods in circulation in North America.

Madam President, it cannot be emphasized enough: Québec is not lacking the tools to navigate this turbulent period. It boasts a diversified economy, a strategic geographical location, a qualified workforce, world-class universities, affordable electricity, abundant natural resources and a tax system that favours investment and innovation.

Quebecers are entering this period in a stronger position than their Canadian neighbours.

- In 2018, our government set the ambitious goal of reducing Québec's wealth gap with Ontario. Québec's strong economic performance will narrow this gap to 9.9% in 2026, down from 15.9% in 2018. It is a major accomplishment.
- Our government has also done a better job of protecting its citizens' wallets. Between 2018 and 2023, household purchasing power improved 6.6% in Québec, compared to 3.9% in Canada.

Madam President, this budget presents initiatives totalling \$12.3 billion between now and 2029-2030 to stimulate wealth creation and support Quebecers. The review of tax expenditures has reduced the cost of these initiatives to \$9.3 billion.

□ Stimulating wealth creation

Clearly, this budget's priority is to strengthen the economy against uncertainty. This involves stimulating wealth creation. Our government is therefore investing \$5.4 billion to increase Québec's economic potential. We are acting on three fronts: urgency, transition and vision.

Given the urgency of the situation, I can confirm that financial assistance for businesses having liquidity problems, as a result of the tariff threat, will total \$1.6 billion.

During the transition period, we will strengthen the economy by increasing investments in infrastructure and by working with our partners to reduce trade barriers on the Canadian market.

I am announcing that the Québec Infrastructure Plan will be raised to \$164 billion. This represents an increase of 7%, or \$11 billion.

Lastly, the third dimension of our interventions concerns our vision for Québec's economy. We will stay the course when it comes to productivity and innovation by stimulating investment in businesses, enabling them to strengthen their competitive position on a global scale. To do this:

- we will promote investment projects with the support of Investissement Québec;
- we are confirming our intention to harmonize the tax system with the federal government's announcement regarding the extension of accelerated depreciation measures; and
- we are also planning to introduce a new, simplified and enhanced tax assistance system to stimulate research, innovation and commercialization.

☐ Supporting Quebecers

Educational success for young people and access to health services have guided our actions since 2018.

In Budget 2025-2026, the government is continuing to invest and plans to spend more than \$6.8 billion between now and 2029-2030 to support Quebecers.

Of this amount, \$5.0 billion is earmarked for:

- improving the delivery of health care and social services; and
- encouraging the education and development of young people by promoting educational success.

In addition, investments of \$1.9 billion are aimed at:

- promoting the well-being of vulnerable individuals;
- showcasing Québec's culture and identity; and
- supporting communities.

❑ **Maintaining sound management of public finances**

Madam President, all these investments require us to maintain sound management of public finances.

Despite the pressures on the government's financial situation, I am announcing today that the actions identified, as part of the review of fiscal and budgetary expenditures, will enable us to achieve an accounting surplus in 2029-2030.

❑ **Improving the tax system**

Madam President, last year, I promised to carry out a comprehensive review of Québec's 277 tax expenditures. The goal was not only to identify ways to optimize, but also to modernize our system and make sure it better reflects the objectives of today's Québec. It was an ambitious exercise for the Ministère des Finances, which relied on the expertise of Québec universities. Today, I am presenting the results of the work accomplished.

In Budget 2025-2026, efforts to improve the income tax system will free up amounts of nearly \$3.0 billion over five years, including over \$1.0 billion per year starting in 2029-2030.

❑ **Ongoing review of budgetary expenditures**

Our government is pursuing its review of budgetary expenditures. Under the responsibility of the Chair of the Conseil du trésor, the review aims to improve the efficiency of government intervention in the activities of government departments and bodies and to free up some \$3 billion in 2029-2030 through optimization efforts.

In line with Québec's economic objectives, we are working toward the transformation of government operations. We do so with one goal in mind: improving direct public services for Quebecers.

❑ **The plan to restore fiscal balance**

As we promised in the last budget, today I am tabling the plan to restore fiscal balance.

Suspending the *Balanced Budget Act* is out of the question unless Québec enters a recession.

The government will meet its objective to restore a balanced budget in 2029-2030 at the latest, that is, after deposits in the Generations Fund. This is our responsibility to future generations.

Madam President, I am asking for the National Assembly's consent to present in detail our government's plan for a strong Québec.

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I am also asking for the National Assembly's consent to table the following documents:

- the tables presenting the preliminary results of the consolidated budgetary transactions for 2024-2025; and
- the forecasts for the 2025-2026 financial framework.

I am also tabling the March 2025 Budget Plan and the companion documents, which are an integral part of the budget.

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1. STIMULATING WEALTH CREATION

Madam President, our government has been working since 2018 to increase wealth for the benefit of all Quebecers. The trade dispute we are currently experiencing requires us to speed up the modernization of our economy.

In Budget 2025-2026, over \$5.4 billion are set aside for supporting and revitalizing Québec's economy, increasing our capacity for innovation and consolidating regional contributions to wealth creation.

* * *

SUPPORTING AND REVITALIZING QUÉBEC'S ECONOMY

The resilience of an economy lies in its capacity to absorb shocks and adapt quickly to changes and unforeseen events.

In the current situation, our businesses need to invest to improve their productivity, strengthen their competitive position and reduce their dependency on the U.S. market. The goal is to mitigate the economic risks associated with the trade dispute.

To support and revitalize the Québec economy, the government is announcing nearly \$4.1 billion in Budget 2025-2026.

☐ **Providing transitional assistance to businesses affected by U.S. tariffs**

The government is supporting businesses having liquidity problems tied to the tariffs and is providing financial assistance in the form of loans of up to \$1.6 billion.

☐ **Supporting the completion of investment projects**

Madam President, we are listening to businesses. We have heard their message: the business and regulatory environment must be more competitive to stimulate their investments. We also need to facilitate the completion of investment projects that may require tailored support from the government.

To support the completion of investment projects, the government is setting aside nearly \$3.5 billion with a view to:

- promoting, with the support of Investissement Québec, the completion of business projects by allocating \$900 million over three years for boosting innovation, investment and exports;
- stimulating the digital transformation of businesses;
- continuing the construction training offensive;
- supporting Québec suppliers in the electrical industry; and
- ensuring that environmental authorizations are issued within an optimal time frame.

I am also confirming our intention to extend the accelerated depreciation measures for a further five years, starting on January 1, 2025.

- This will enable more than 100 000 businesses to write off the costs of their investments more quickly, thereby benefiting from greater profitability on them.
- At a cost of nearly \$2.4 billion over five years, this initiative will allow businesses a more substantial tax advantage.

☐ Fostering market diversification

Québec has privileged access to over 1 billion consumers outside North America, through Canada's numerous free trade agreements. To that end, the role played by the Ministère des Relations internationales et de la Francophonie, which celebrates its 60th anniversary this year, is particularly noteworthy.

To foster international market diversification, in Budget 2025-2026, the government is announcing \$196 million with a view to:

- pursuing the maritime strategy;
- encouraging export projects; and
- defending Québec's interests and creating wealth by supporting our network of offices abroad.

The government is also ensuring that Québec businesses have access to certifications that make it easier to identify their products.

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INCREASING OUR CAPACITY FOR INNOVATION

Innovation is essential to the sustainable economic development of Québec. Innovation allows a business to stand out from the competition, both in terms of developing innovative products and optimizing its production processes.

Budget 2025-2026 includes \$604 million to increase our capacity for innovation.

❑ Stimulating innovation and its commercialization through an updated tax assistance system

Over the years, mechanisms and tools have been put in place to improve Québec's innovation performance.

However, over the past decade, there has been a downward trend in business research and development, while several other jurisdictions have recorded significant increases in these activities. This trend raises concerns about the competitiveness of Québec businesses.

In the current environment, the government wants to help create a climate that is more conducive to innovation, competitiveness and business growth. We want to help them better respond to current and future global economic challenges.

Madam President, I am announcing the introduction of a new tax assistance system for innovation. This system provides an additional \$272 million in financial support to businesses and includes a new, simplified and enhanced tax credit for research, innovation and commercialization. This tax credit will replace eight tax measures currently in effect.

❑ Boosting innovation in strategic sectors

To promote innovation in strategic sectors, the government is announcing, in Budget 2025-2026, an investment of \$194 million with the aim of:

- supporting the development of the Technum Québec innovation zone;
- renewing the Québec Life Sciences Strategy;
- supporting corporate research and innovation in priority sectors; and
- continuing funding for Mila.

❑ **Helping SMBs with strong potential**

To boost its productivity and grow its wealth, Québec must focus on entrepreneurial dynamism. It also needs to encourage business takeovers and new, innovative businesses to enter the market.

To support SMBs with strong potential, Budget 2025-2026 includes an investment of \$42 million over three years for the purpose of:

- implementing the 2025-2028 SMB plan, which will support the development and growth of our SMBs; and
- propelling innovative young businesses with strong growth potential by offering them investment capital at the startup stage.

SMBs will also benefit from tailored support from Investissement Québec. It is important to note that 90% of its initiatives are carried out for businesses with fewer than 200 employees.

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ENCOURAGING REGIONAL CONTRIBUTIONS TO WEALTH CREATION

Madam President, wealth creation in Québec relies on the contribution of our regions. With their natural resources, expertise and strategic industries, they contribute to the resilience and diversification of the economy.

Today, I am announcing \$759 million to consolidate the economic contribution of the regions.

❑ **Revitalizing regional economies**

Of this amount, \$217 million is earmarked for:

- continuing with initiatives for better connectivity;
- renewing the Government Social Economy Action Plan;
- extending funding for the economic development program to help revitalize territories;
- facilitating development of the integrated energy resources management plan;
- accelerating local and regional economic development; and
- supporting the development of Capital régional et coopératif Desjardins.

❑ **Leveraging our critical and strategic minerals**

Québec's subsoil contains mineral resources essential to the pursuit of energy transition, innovative technological development and high-quality regional job creation objectives.

To leverage our minerals, particularly our critical and strategic minerals, in Budget 2025-2026, the government is announcing an investment of \$107 million with a view to:

- renewing the Québec Plan for the Development of Critical and Strategic Minerals; and
- assessing the feasibility of optimizing railway transportation from the Labrador Trough.

❑ **Supporting the forestry sector**

Madam President, the last few years have been particularly difficult for the forestry industry due in part to extreme climate events and the softwood lumber dispute with the United States. To support this sector, \$95 million over three years will allow for:

- diversifying the forest products industry and fostering innovation;
- renewing the program to protect investments in silviculture against the spruce budworm; and
- continuing the exceptional program to sell low-quality hardwood from the Outaouais and Laurentides regions.

This funding will bring the government's support for the forestry sector in recent years to nearly \$1.5 billion.

❑ **Continuing to support the tourism industry**

The weakness of the Canadian dollar, coupled with the exemplary solidarity of Quebecers, will have a significant positive impact on our tourism industry.

To support this sector, the government has earmarked \$138 million for the purpose of:

- supporting festivals and events;
- investing in our tourist attractions and establishments; and
- extending the agreements with our tourism partners.

❑ **Fostering the development of the bio-food sector**

The bio-food sector also plays an essential role in the Québec economy, contributing to the enhancement of Québec's land and development in the regions.

To promote the development of this sector and Québec's food autonomy, the government is including \$202 million with the aim of:

- continuing with the Sustainable Agriculture Plan;
- implementing the bio-food policy; and
- funding the Sustainable Growth Investment Program.

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2. SUPPORTING QUEBECERS

Every year since we came to power, health and education have been central to our government initiatives. From 2018-2019 to 2024-2025:

- health and social services expenditures rose by 52%, for average annual growth of 7.3%;
- education expenditures increased by 55%, for average annual growth of 7.5%; and
- higher education expenditures increased by 40.7%, for average annual growth of 5.9%.

Our government has invested historic amounts in these priorities. We have done this to compensate for the chronic lack of investment in Québec in recent decades, and in response to an unprecedented public health crisis.

The time has come for us to begin a paradigm shift.

- We have a responsibility to return to more moderate levels of growth and to continue improving services through efficiency and organizational gains.

Against a backdrop of a growing and aging population, continuing to improve the public health and social services system represents a major challenge for public finances.

The recent arrival of Santé Québec will modernize the governance of the health care system by optimizing the management of its activities through efficiency gains. Every dollar invested will generate better delivery of care and services.

Madam President, we are committed to protecting public services for Quebecers. In Budget 2025-2026, more than \$6.8 billion is earmarked, over five years, for improving public services.

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IMPROVING THE DELIVERY OF HEALTH CARE AND SOCIAL SERVICES

To improve the delivery of health care and social services, I am announcing an additional amount of nearly \$3.9 billion over five years.

□ Improving access to care and services

To improve access to care and services, the government is setting aside \$2.2 billion with a view to:

- funding new pharmaceutical treatments in hospitals;
- deploying new health care and social services facilities; and
- training more doctors.

□ Strengthening social services for vulnerable individuals

In Budget 2025-2026, the government is consolidating its action for vulnerable individuals. It has earmarked more than \$1 billion over five years for the purpose of:

- meeting the growing needs in youth protection;
- increasing housing assistance for vulnerable individuals who need special support;
- supporting young people leaving youth protection centres and people experiencing homelessness benefiting from the Rent Supplement Program;
- increasing funding to community organizations;
- consolidating the mixed practice of psychosocial interventions and community policing; and
- entrenching support for Indigenous clientele in the implementation of cultural safety in the health care system.

□ Ensuring quality living environments for seniors

The government is sensitive to the importance for seniors to be able to live in a safe environment adapted to their needs. It is therefore setting aside \$318 million for ensuring quality living environments for them. The funds will primarily be aimed at:

- perpetuating funding to harmonize private and public residential and long-term care centres; and
- protecting people living in private seniors' residences.

❑ **Prioritizing health prevention**

Health prevention also remains a priority. Budget 2025-2026 includes \$269 million with a view to:

- extending vaccination to vulnerable clienteles;
- implementing the national integrated health prevention strategy; and
- continuing to deploy spinal muscular atrophy screenings for newborns.

❑ **Maintaining and developing health and social services infrastructure**

With an aging population, as well as an aging hospital building inventory, infrastructure investments are required. This budget includes \$24.7 billion in investments in the Québec Infrastructure Plan for the Santé et Services sociaux portfolio.

This will make it possible to continue the construction, expansion or redevelopment of hospitals, seniors' homes and alternative homes, while maintaining existing infrastructure in good condition.

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ENCOURAGING THE EDUCATION AND DEVELOPMENT OF YOUNG PEOPLE

Madam President, the government places the development of young people at the heart of its decisions. In recent years, significant efforts have been made to ensure they thrive, right from early childhood.

Today, I am announcing an additional amount of nearly \$1.1 billion over five years to encourage the education and development of young people.

❑ Fostering educational success

The government is continuing its efforts to improve educational success. New initiatives totalling more than \$368 million will be aimed at:

- fostering school success;
- training a greater number of qualified teachers;
- encouraging retirees to return to the education network; and
- meeting temporary school space needs.

❑ Consolidating support for young people and students

It is essential to maintain support for young people, graduate students and the bodies that support them.

Budget 2025-2026 includes \$279 million to consolidate support for young people and students. This investment will go toward:

- funding the student financial assistance program; and
- maintaining the services for young people on their journey to self-sufficiency.

❑ Maintaining and developing educational institution infrastructure

The Québec Infrastructure Plan provides for investments of \$23.5 billion to rehabilitate institutions and add space to elementary and secondary schools. It also includes investments of \$9 billion for higher education institutions.

❑ Promoting participation in recreation and sports

Participation in recreation and sports is essential for fostering the well-being and health of societies. The government wishes to encourage participation in sports and physical activity and provide access to a diverse range of activities.

With this in mind, I am announcing a major investment of \$300 million in the financial assistance program for recreational, sports and outdoor infrastructure.

❑ Supporting accessible childcare services

Madam President, Québec is a forerunner in educational childcare services, and we are very proud of that. It is crucial that families have access to quality educational childcare services that are adapted to their needs.

To support such access to childcare services, Budget 2025-2026 includes \$171 million with a view to:

- converting 1 000 non-subsidized childcare spaces into subsidized spaces;
- maintaining services in line with family needs; and
- deploying the new childcare services registration portal.

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PROMOTING THE WELL-BEING OF VULNERABLE INDIVIDUALS

The government wishes to promote the well-being of vulnerable individuals. Québec's social safety net is a significant asset. It helps define Québec as an inclusive society that prioritizes collective well-being.

I am therefore announcing an investment of \$550 million between now and 2029-2030 to foster the well-being of vulnerable individuals.

This amount is in addition to the significant increase in investments set aside for the community sector since 2022.

❑ Supporting access to housing

In recent years, the government has improved access to housing for vulnerable individuals, including young people in difficulty and people experiencing homelessness.

Recent initiatives have increased the supply of affordable housing, helped low-income households pay their rent and contributed to the renovation of the rental housing stock.

Wishing to take further action, the government has earmarked \$303 million for the implementation of additional initiatives to support access to housing with a view to:

- maintaining the low-rental housing stock; and
- adapting housing to meet urgent needs.

❑ **Providing targeted assistance to people in need**

Budget 2025-2026 also includes an investment of \$247 million between now and 2029-2030 to provide targeted assistance to people in need. This amount will be used for:

- encouraging employment integration, improving the inclusion and financial security of people who are further removed from the labour market;
- helping people in difficult situations, particularly those who have had to leave their home countries and women immigrants who are victims of domestic violence; and
- increasing food aid in response to the significant rise in needs. Since 2022, more than \$175 million will have been set aside for food aid.

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SHOWCASING QUÉBEC'S CULTURE AND IDENTITY

Madam President, the government is committed to promoting Québec culture. It is an asset that makes Québec shine in multiple ways.

To that end, I am announcing \$717 million to showcase Québec's culture and identity.

Of this amount, over \$544 million will be dedicated to promoting Québec's culture and heritage. This will enhance funding for the Conseil des arts et des lettres du Québec and SODEC, and stimulate cultural ambition and innovation.

In addition, close to \$173 million will go to promoting Québec's identity. This will enable us to better promote the French language and ensure quality services for immigrants.

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SUPPORTING COMMUNITIES

Québec is a fair and safe society that ensures everyone enjoys equal rights, while protecting the most vulnerable and effectively fighting crime.

This budget includes more than \$635 million over five years to renew support for communities.

- Of that amount, the government is allocating \$208 million, in particular to implement the Québec strategy to combat crime, to protect the rights of Quebecers, provide better support for individuals and provide safe services to Indigenous communities.
- A further \$332 million will be invested to bolster sustainable development and the vitality of the territory. The goal is to increase efforts to protect the environment, support road maintenance and improvement, and ensure mobility across Québec's territory.
- Lastly, an investment of \$96 million will strengthen Québec's ability to adapt to climate change. In particular, we will work toward strengthening the protection of the territory against flooding, increasing resources for disaster victims and improving the resilience of our infrastructure.

Improving retirement pensions of injured workers

Madam President, I would now like to talk to you about a measure of which I am particularly proud, and which shows our government's continued action despite the prevailing uncertainty. Last year, I announced that our government was completely eliminating the retirement pension reduction for seniors with disabilities reaching age 65.

This year, we are taking action to protect the retirement pensions of workers who have suffered an employment injury.

I am therefore announcing that, as of January 1, 2026, the Québec Pension Plan will protect those receiving a reduced income replacement indemnity in the same way as those receiving a full indemnity.

The change will help up to 2 000 new retirees per year.



3. RESULTS OF THE REVIEW TO IMPROVE THE TAX SYSTEM

Madam President, in Budget 2024-2025, I promised to conduct a review of tax expenditures, covering measures related to personal and corporate income taxes, as well as consumption taxes.

The goal was not only to identify ways of optimizing Québec's public finances, but also to modernize our tax system and make sure it better reflects the objectives of today's Québec.

To inform its work, the government consulted several groups of researchers. I would like to thank all the experts who took part in this work for their vision and commitment to a fairer, more efficient Québec.

In Budget 2025-2026, the government is addressing the efforts required to improve the tax system, which will free up amounts of nearly \$3 billion over five years, including over \$1 billion per year starting in 2029-2030.

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OPTIMIZING TAX ASSISTANCE FOR BUSINESSES

To boost the productivity of Québec businesses and achieve its wealth creation objectives, the government must capitalize on the strengths of the Québec ecosystem in cutting-edge fields.

The government is announcing the optimization of certain tax measures to support businesses. The goal is to redirect support toward activities that offer high added value in today's economic environment.

☐ Targeting higher value-added activities in the IT sector

The tax credit for the development of e-business, the CDAE, is aimed at companies specializing in information technology and is designed to stimulate the supply of IT solutions for Québec businesses.

Since its introduction in 2008, the tax credit has supported essentially the same activities related to the design and development of computer systems and software. Over the past few years, IT services and solutions have evolved considerably.

In order to promote higher value-added IT activities and focus tax assistance on the artificial intelligence sector, the government will modernize the CDAE and change it to the tax credit for the development of e-business integrating AI.

The new tax credit will apply for taxation years starting after December 31, 2025.

❑ **Refocusing the tax credit relating to resources on critical and strategic minerals**

When it comes to developing critical and strategic minerals, Québec offers the most generous tax support in Canada, with its tax credit relating to resources.

To enable Québec to seize new business opportunities presented by the development of critical and strategic minerals, the government will offer a renewed tax credit relating to resources. These changes are aimed at:

- enhancing tax assistance for critical and strategic minerals, while maintaining the competitiveness of tax assistance for other mining resources; and
- making development of mineral resources eligible, while introducing a ceiling on eligible expenses.

The changes will apply for corporate taxation years, beginning after the day Budget 2025-2026 is presented.

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SIMPLIFYING THE TAX SYSTEM

The review to improve the tax system provided an opportunity to compare and assess the consistency of the system's components, and also to analyze the differences with the federal tax system.

The government is announcing two measures that will simplify Québec's tax system, namely:

- harmonizing the tax rate on insurance premiums with that of the Québec sales tax, effective January 1, 2027; and
- adjusting the flow-through share regime.

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UPDATING THE TAX SYSTEM

The Québec tax system must adapt to the economic and social environment, while respecting the government's budgetary framework.

The government is therefore announcing a number of updating measures, including:

- reducing the age limit from 16 to 14 for the refundable tax credit for childcare expenses;
- gradually restoring the balance between the property tax and the public utilities tax;
- updating additional registration fees for luxury vehicles; and
- eliminating the tax shield.

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FOSTERING THE FUNDING OF PUBLIC SERVICES

In Budget 2025-2026, the government is announcing initiatives that will promote the funding of public services.

First, the government will end indexation of the eligibility threshold for reduced rates of the employer contribution to the Health Services Fund.

In addition, it will ensure the sustainable funding of transportation infrastructure and services by:

- introducing an annual contribution for electric vehicles and plug-in hybrid vehicles, starting in 2027; and
- ending free access to toll bridges and ferries for vehicles with green licence plates, also starting in 2027.

The 2025-2030 Implementation Plan for the Plan for a Green Economy, which will be presented in the coming months, will receive \$10.2 billion. This represents an increase of around \$200 million compared to the previous plan to fight climate change.

Lastly, in order to continue supporting transportation electrification in Québec, the government is announcing that the Roulez vert program, regarding rebates on purchases of electric vehicles, will apply again as of April 1, 2025, under the same parameters as at the start of the year.

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4. THE PLAN TO RESTORE FISCAL BALANCE

Madam President, I am announcing the plan to restore fiscal balance, after deposits of dedicated revenues in the Generations Fund, in 2029-2030 at the latest, in accordance with the *Balanced Budget Act*.

Since the pandemic, Québec's financial situation has deteriorated under the weight of persistent health spending, major investments in public services, record population growth and lower-than-expected revenues from Hydro-Québec due, in particular, to low runoff.

Despite these pressures on public finances, Québec's accounting deficit was reduced by \$700 million in 2024-2025. On a comparable basis to the budgetary balances of other Canadian provinces and the federal government, that is, before deposits in the Generations Fund, the accounting balance reached \$8.1 billion, or 1.3% of GDP.

In 2025-2026, the tariff threat is added, to which the government is responding by supporting Quebecers and businesses. The accounting balance therefore shows a deficit of \$11.4 billion, or 1.8% of GDP.

After deposits of dedicated revenues in the Generations Fund, the budgetary balance within the meaning of the Act shows a deficit of \$10.4 billion in 2024-2025 and \$13.6 billion in 2025-2026.

From 2018-2019 to 2025-2026, the share of government expenditure in the economy will have risen from 24% to 26%. The share of revenue in the economy will have fallen from 26% to 25%, mainly due to the government's ongoing efforts to reduce Quebecers' tax burden. To achieve fiscal balance, the share of expenditure in the economy must therefore gradually decline to a level similar to its pre-pandemic level.

The implementation of the plan to restore fiscal balance is in line with the following key policy directions:

- adequately funding the government's missions;
- stimulating economic growth;
- maintaining deposits of dedicated revenues in the Generations Fund;
- maintaining a long-term debt reduction objective; and
- continuing to make infrastructure investments.

We are also reiterating our call for an increase in federal transfers, whose annual growth of 1.6% on average for the next five years is insufficient. These transfers must be unconditional and respect Québec's areas of jurisdiction.

With the upcoming federal election, I am reiterating our demand that the federal government adequately fund existing health care before creating new programs.

The government also remains committed to reducing the debt burden in the long term and is continuing to make deposits in the Generations Fund.

- Nevertheless, developments in the budgetary situation and the current uncertain economic context call for a slight adjustment to the debt reduction targets announced in March 2023.
- The net debt-to-GDP ratio must be reduced to 35.5% of GDP by 2032-2033 and to 32.5% by 2037-2038.



CONCLUSION

Madam President, we are aware of the challenges facing Québec and our economy in the months ahead. Faced with such an unjustified threat, we have a responsibility to rise up.

We did not choose this tariff crisis. However, we are opting for a more efficient and innovative economy. We are choosing to pursue our major reforms for the good of our children and citizens, who deserve quality services. We are making the responsible choice of sound management of public finances.

In Budget 2025-2026, the government is focusing its efforts on the economy. In the short term, we will support businesses experiencing difficulty caused by the trade dispute. During the transition period, we will support the economy by increasing investments in infrastructure and by working with our partners to reduce trade barriers on the Canadian market. Lastly, we are staying the course when it comes to long-term wealth creation. We are stimulating business investments and innovation, enabling them to strengthen their competitive position on a global scale.

In Budget 2025-2026:

- we are increasing infrastructure investments by \$11 billion over three years;
- we are earmarking \$4.1 billion over five years to support and revitalize Québec's economy;
- we are implementing a new tax assistance system for innovation; and
- we are investing nearly \$717 million in showcasing Québec's culture and identity.

We are also protecting health services and education by earmarking:

- \$3.9 billion for improving the delivery of health care and social services; and
- \$1.1 billion for encouraging the education and development of young people by promoting educational success.

We continue to keep intergenerational equity in mind. Despite the pressures on the government's financial situation, the initiatives identified to restore public finances will allow for an accounting surplus in 2029-2030.

Madam President, Quebecers are resourceful, resilient and united. With them, we are opting for a modern Québec, open to the world and looking toward the future. A strong Québec!

Thank you, Madam President.

* * *

I propose that the National Assembly approve the government's budgetary policy.

Thank you.

☞ • ☞

TABLE 1

Québec government
Summary of budgetary transactions
Preliminary results for 2024-2025
(millions of dollars)

	2024-2025
REVENUE	
Own-source revenue	124 545
Federal transfers	30 636
Total	155 181
EXPENDITURE	
Portfolio expenditures	-153 406
Debt service	-9 853
Total	-163 259
ACCOUNTING SURPLUS (DEFICIT)⁽¹⁾	-8 078
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-2 354
BUDGETARY BALANCE⁽²⁾	-10 432

(1) Surplus or deficit on activities from operations presented in the Public Accounts.

(2) Budgetary balance within the meaning of the *Balanced Budget Act*.

TABLE 2

Québec government
Summary of budgetary transactions
Forecasts for 2025-2026
(millions of dollars)

	2025-2026
REVENUE	
Own-source revenue	125 732
Federal transfers	30 610
Total	156 342
EXPENDITURE	
Portfolio expenditures	-156 102
Debt service	-9 670
Total	-165 772
Contingency reserve	-2 000
ACCOUNTING SURPLUS (DEFICIT)⁽¹⁾	-11 430
BALANCED BUDGET ACT	
Deposits of dedicated revenues in the Generations Fund	-2 177
BUDGETARY BALANCE⁽²⁾	-13 607

(1) Surplus or deficit on activities from operations presented in the Public Accounts.

(2) Budgetary balance within the meaning of the *Balanced Budget Act*.

TABLE 3

**Québec government
Revenue
Forecasts for 2025-2026**
(millions of dollars)

	2025-2026
OWN-SOURCE REVENUE	
Income and property taxes	
Personal income tax	46 944
Contributions for health services	9 242
Corporate taxes	12 491
School property tax	1 346
	70 023
Consumption taxes	
Sales taxes ⁽¹⁾	25 126
Fuel	2 135
Tobacco products	910
Alcoholic beverages	617
Other ⁽²⁾	134
	28 922
Revenue from government enterprises	
Hydro-Québec	1 905
Loto-Québec	1 517
Société des alcools du Québec	1 419
Investissement Québec	268
Société québécoise du cannabis	126
Other	33
	5 268
Duties, permits and royalties	6 220
Miscellaneous revenue	15 299
TOTAL OWN-SOURCE REVENUE	125 732
FEDERAL TRANSFERS	
Equalization	13 567
Health transfers	8 942
Transfers for post-secondary education and other social programs	1 330
Other programs	6 771
TOTAL FEDERAL TRANSFERS	30 610
TOTAL REVENUE	156 342

(1) Sales taxes, within the meaning of the Public Accounts, include, in particular, the QST, the tax on insurance premiums, the tax on lodging and the specific duty on new tires.

(2) These amounts include revenue from the Québec component of the excise duty on vaping products, the Québec component of the excise duty on cannabis sales and pari-mutuel.

TABLE 4

Québec government
Expenditure
Forecasts for 2025-2026
(millions of dollars)

	2025-2026
PORTFOLIO EXPENDITURES	
National Assembly	193
Persons appointed by the National Assembly	168
Affaires municipales et Habitation	5 623
Agriculture, Pêcheries et Alimentation	1 527
Conseil du trésor et Administration gouvernementale	4 524
Conseil exécutif	602
Culture et Communications	2 083
Cybersécurité et Numérique	297
Économie, Innovation et Énergie	4 521
Éducation	23 517
Emploi et Solidarité sociale	5 804
Enseignement supérieur	11 311
Environnement, Lutte contre les changements climatiques, Faune et Parcs	2 436
Famille	9 308
Finances	3 885
Immigration, Francisation et Intégration	768
Justice	2 103
Langue française	80
Relations internationales et Francophonie	165
Ressources naturelles et Forêts	1 495
Santé et Services sociaux	65 527
Sécurité publique	2 681
Tourisme	536
Transports et Mobilité durable	7 308
Travail	240
Reallocation of government expenditures during the year	-600
TOTAL	156 102
DEBT SERVICE	9 670
TOTAL EXPENDITURE	165 772

Note: Totals may not add due to rounding.

[Québec.ca/en-budget](https://quebec.ca/en-budget)

