

March 2026

BUDGET 2026-2027

A RESPONSIBLE BUDGET WITH TARGETED MEASURES FOR QUEBECERS

BUDGET

PLAN



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Budget 2026-2027
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BUDGET PLAN

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SUMMARY

Since the pandemic, Québec has faced an economic and geopolitical context marked by persistent uncertainty. With significant geopolitical tensions, fluctuating trade and tariff policies along with the fragmentation of trade, the global landscape is affecting the public finances of several major economies worldwide, particularly open economies like Québec's.

In this environment, the government has had to strike a delicate balance between making the necessary investments to strengthen public services, stimulate the economy, protect Quebecers' purchasing power, look after the well-being of the most vulnerable populations and support businesses heavily affected by tariffs while maintaining the sound management of public finances. The government has approached this challenge responsibly.

□ A responsible budget with targeted measures for Quebecers

In a climate of ongoing uncertainty, the government is supporting businesses operating in a shifting economic landscape, investing in infrastructure, prioritizing the government's main missions and supporting Quebecers and communities with targeted action.

In Budget 2026-2027, the government is allocating nearly \$9.6 billion over six years to support businesses, the government's main missions and Quebecers.

The government is also increasing investment in infrastructure by more than \$5 billion over six years.

In Budget 2026-2027, the government is carrying on its actions:

- it is accelerating Québec's economic transformation;
- it is investing in infrastructure to strategically support the Québec economy;
- it is prioritizing funding for the government's main missions to guarantee Quebecers accessible, high-quality services;
- it is taking targeted action to support Quebecers and communities.

TABLE A.1

Financial impact of the measures in Budget 2026-2027

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Accelerating Québec's economic transformation	—	-480.3	-507.4	-360.7	-204.7	-150.4	-1 703.5
Supporting the government's main missions	—	-910.0	-928.3	-851.0	-794.7	-791.4	-4 275.4
Supporting Quebecers and communities with targeted action	-37.0	-742.3	-1 129.6	-724.1	-503.6	-478.6	-3 615.2
TOTAL	-37.0	-2 132.6	-2 565.3	-1 935.8	-1 503.0	-1 420.4	-9 594.1

Note: Totals may not add due to rounding.

Lastly, the government is reaffirming its commitment to the responsible management of public finances, having seen compelling results. After a downward adjustment in 2024-2025, the accounting deficits projected for 2025-2026 and 2026-2027 are reduced by nearly \$3.8 billion and \$861 million, respectively. For the following years, the gaps to be bridged are reduced. Québec's net debt burden is also adjusted downward compared to Budget 2025-2026 for each year of the financial framework. The government is resolutely pursuing its path toward a balanced budget, and it intends to do this by 2029-2030.

□ Québec's economic situation

The global economy is in a period of profound transformation. After several decades of growth fuelled by globalization and free trade, a new context characterized by rising protectionism and heightened geopolitical tensions is emerging, disrupting supply chains and creating a climate of uncertainty that is weighing on investment and international trade.

Meanwhile, accelerated investment in artificial intelligence (AI) is supporting productivity gains. This dynamic is encouraging the emergence of new innovation hubs and reshaping global competition. Still, enthusiasm surrounding AI in financial markets raises the risk that these markets may overestimate the speed and scale of expected economic benefits.

Québec is nevertheless well positioned to deal with this new situation. Since 2018, Québec has outperformed the rest of Canada. The significant initiatives implemented by the Québec government to increase the potential of the economy have led to the creation of more wealth.¹

- According to the most recent official statistics available, between 2018 and 2024, the standard of living, measured by real GDP per capita, increased by 4.9% in Québec. For the same period, it fell by 0.3% in Ontario and 0.9% in the rest of Canada.

Québec's standard of living gap with Ontario narrowed from 15.9% in 2018 to a low of 10.2% in 2024. After reaching 20.2% in 2018, the standard of living gap with the rest of Canada stood at 13.6% in 2024.

- **Such small gaps have never been observed since statistics began to be compiled in 1981.**

- At the same time, the Québec government has continued to protect its citizens' wallets, thereby strengthening the financial position of Québec households.

- Between 2018 and 2024, household purchasing power, as measured by real disposable income per capita, improved by 9.2% in Québec, compared to 5.1% in Ontario and the rest of Canada.

Québec's economy has better withstood various headwinds and is gradually adapting to the new trade reality. There is still uncertainty around trade tensions and the review of the Canada-United States-Mexico Agreement (CUSMA), but it is expected to gradually subside. Nevertheless, population aging, in combination with adjustments in temporary and permanent immigration, will limit economic growth in the coming years.

- Following a 0.8% increase in 2025, real GDP growth is expected to hold strong and reach 1.1% in 2026 and 1.4% in 2027.

Budget 2026-2027 is based on the premise that the average effective tariff rate will remain relatively stable over the next few years and that current tariffs will become permanent. It also takes into account the recent rises in oil prices, but assumes that the situation will be temporary and will ease in the coming months.

¹ Unless otherwise indicated, this document reflects economic data available as at March 6, 2026.

❑ **Accelerating Québec's economic transformation**

In Budget 2026-2027, the government is planning initiatives totalling more than \$1.7 billion over five years to accelerate Québec's economic transformation.

- Of this amount, the government is investing nearly \$700 million to promote the implementation of investment projects in promising sectors and improve the competitiveness of Québec businesses through innovation.
- It is taking action to benefit SMBs in all regions of Québec, providing them with over \$580 million in support. In particular, it intends to fund promising regional economic development initiatives, foster the development of the tourism and agri-food sectors as well as support forestry businesses and communities.
- Lastly, the government is setting aside nearly \$430 million to address challenges in the audiovisual sector, ensure the sustainability of Québec's media ecosystem and promote Québec cultural content.

The government is also granting itself an additional intervention capacity that can reach \$2 billion, through its investment funds, to maintain head offices in Québec and develop the critical and strategic minerals sector.

❑ **Boosting investment in infrastructure**

The government is increasing investment in infrastructure by more than \$5 billion over six years in order to invest more in maintaining assets across the province and providing Québec with modern infrastructure. The 2026-2036 Québec Infrastructure Plan (QIP) will total \$167 billion.

- These new amounts will be distributed among priority sectors: health and social services, education and higher education, public transit, the road network and the continued digital transformation of public bodies.²
- A significant portion, that is, 71%, of the amounts invested will be allocated to maintaining existing infrastructure. Compared to the previous QIP, this is a significant increase, as the previous figure stood at 65%.

² The 2026-2036 QIP published by the Secrétariat du Conseil du trésor provides detailed information on planned investments by sector.

❑ **Supporting the government's main missions**

In Budget 2026-2027, the government is setting aside nearly \$4.3 billion to support its main missions.

- Nearly \$2.2 billion will help facilitate access to health care and social services, in particular by supporting access to medications, continuing efforts to reduce surgery wait lists, strengthening front-line access, and supporting initiatives for caregivers.
- Nearly \$640 million will be used to support students' educational success, meet urgent and temporary school space needs and make the education network more attractive to workers.
- The government is also setting aside nearly \$400 million to support higher education training, labour market integration and research, particularly to continue promoting and raising the profile of engineering and information technology, extend employment assistance allowances and support research bodies.
- Furthermore, the government is setting aside more than \$1 billion to strengthen Quebecers' safety and access to legal services, particularly by consolidating prevention and intervention activities in the area of public safety, and continuing efforts to combat armed violence.

❑ **Supporting Quebecers and communities with targeted action**

In Budget 2026-2027, the government is investing more than \$3.6 billion to ensure the well-being of Quebecers and strengthen the vitality of communities across Québec.

- Of this amount, nearly \$2.4 billion will be used to support Quebecers, particularly in helping them cope with the rising cost of living. This amount will serve to convert 5 000 non-subsidized childcare spaces, support access to housing, address social issues such as homelessness, mental health, domestic and sexual violence, as well as to reinforce services for the most vulnerable populations, in particular by renewing funding for several community organizations, such as Food Banks of Québec.
- In addition, an investment of over \$1 billion is planned to ensure community resilience, particularly with regard to local infrastructure and for adapting to and fighting climate change.
- Lastly, the government is allocating nearly \$220 million to promote Québec culture and cultural heritage.

❑ Maintaining sound management of public finances

Through responsible expenditure management and stronger-than-expected nominal GDP growth in 2025, this budget presents a budgetary situation that is proving to be better than that forecast in March 2025.

On a comparable basis to the budgetary balances of other Canadian provinces and the federal government, the accounting deficit has been adjusted downward by nearly \$3.8 billion in 2025-2026, bringing it to \$7.7 billion, or 1.2% of GDP.³

- In 2025-2026, Québec has one of the lowest deficits among Canadian provinces, whose average stands at 1.7% of GDP.
 - As a percentage of GDP, this is one of the lowest deficits, after Saskatchewan (0.4% of GDP), Alberta (0.9% of GDP) and Ontario (1.1% of GDP).
- In 2026-2027, the accounting balance shows a deficit of \$6.3 billion, or 0.9% of GDP, representing an improvement of \$861 million compared to that forecast in Budget 2025-2026.

The government is taking another step toward achieving a balanced budget by reducing the deficits projected for 2025-2026 and 2026-2027 and the gaps to be bridged for subsequent years.

Québec's net debt burden is also adjusted downward compared to Budget 2025-2026 for each year of the financial framework.

³ Unless otherwise indicated, this document is based on budgetary data available as at March 6, 2026. The data presented for 2025-2026 are preliminary results. The data for 2026-2027 to 2030-2031 are forecasts and those for subsequent years are projections.

Given the economic environment, the government is maintaining an \$8-billion contingency reserve over the period covered by the financial framework, including \$2 billion in 2026-2027. This reserve could be used, in particular, to cover unforeseen expenditures or mitigate the effects of more-moderate-than-expected economic growth.

TABLE A.2

Québec's economic and financial outlook

(billions of dollars, unless otherwise indicated)

	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
FINANCIAL SITUATION							
Revenue	156.1	160.5	166.5	172.8	177.6	181.8	188.2
Expenditure	-161.3	-168.2	-170.8	-175.2	-177.2	-179.5	-185.5
Contingency reserve	—	—	-2.0	-1.5	-1.5	-1.5	-1.5
Accounting surplus (deficit)	-5.2	-7.7	-6.3	-4.0	-1.1	0.8	1.2
% of GDP	0.8	1.2	0.9	0.6	0.2	0.1	0.2
DEBT							
Net debt	236.2	250.3	259.5	271.1	276.8	279.3	281.3
% of GDP	38.3	38.8	38.9	39.3	38.8	37.9	36.9
	2024	2025	2026	2027	2028	2029	2030
ECONOMIC INDICATORS							
Real GDP (% change)	1.7	0.8	1.1	1.4	1.5	1.5	1.4
Nominal GDP (% change)	5.9	4.5	3.5	3.4	3.4	3.4	3.3

Note: Totals may not add due to rounding.

Despite the backdrop of a pandemic, heightened geopolitical tensions caused, among other things, by Russia's invasion of Ukraine and a trade dispute with the United States, Québec has continued its efforts to reduce its debt load.

However, both in Canada and internationally, governments have generally seen their indebtedness rise in recent years.

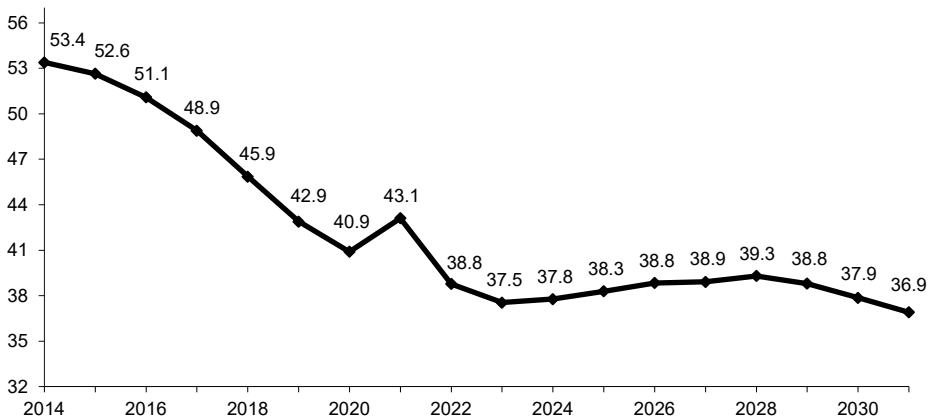
As at March 31, 2026, Québec's net debt will represent 38.8% of GDP, a steep drop of 4.1 percentage points from the level of 42.9% as at March 31, 2019.

— Québec, along with Ontario and New Brunswick, is one of the only provinces to have reduced its indebtedness during this period.

The government remains committed to reducing the debt burden in the long term and is maintaining deposits of dedicated revenues in the Generations Fund. It will meet the net debt reduction targets set at 35.5% of GDP by 2032-2033 and 32.5% of GDP by 2037-2038.

CHART A.1

Net debt as at March 31
(percentage of GDP)



Note: As of April 1, 2026, the concept of net debt will be replaced by that of net financial liabilities due to the new accounting standard on financial statement presentation coming into force.

■ Returning to a balanced budget

In Budget 2025-2026, the government presented the plan to restore fiscal balance by 2029-2030. This budget confirms that the established trajectory is being respected. The plan is credible and based on measures for revenue and expenditure.

— The budgetary balance according to the *Balanced Budget Act*, that is, after deposits in the Generations Fund, shows a deficit of \$9.9 billion in 2025-2026, or 1.5% of GDP, and \$8.6 billion in 2026-2027, or 1.3% of GDP.

The more favourable-than-expected budgetary forecasts will make it possible to reduce the gap to be bridged by \$250 million in 2027-2028 and in 2028-2029, \$500 million in 2029-2030 and \$750 million in 2030-2031.

— Once the uncertainty, mainly related to the CUSMA review, dissipates, the economic situation should recover and allow for the gaps to be bridged.

As a result, in accordance with the *Balanced Budget Act*, a balanced budget, after deposits of dedicated revenues in the Generations Fund, will be achieved by 2029-2030 at the latest.

TABLE A.3

Budgetary balance within the meaning of the *Balanced Budget Act*

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
ACCOUNTING SURPLUS (DEFICIT)	-7 655	-6 265	-3 954	-1 134	780	1 168
% of GDP	1.2	0.9	0.6	0.2	0.1	0.2
Gap to be bridged	—	—	750	2 250	2 000	1 750
Deposits of dedicated revenues in the Generations Fund	-2 289	-2 347	-2 491	-2 616	-2 780	-2 918
BUDGETARY BALANCE WITHIN THE MEANING OF THE <i>BALANCED BUDGET ACT</i>	-9 944	-8 612	-5 695	-1 500	—	—
% of GDP	1.5	1.3	0.8	0.2	0.0	0.0

Note: Totals may not add due to rounding.

1. ACCELERATING QUÉBEC'S ECONOMIC TRANSFORMATION

In the current global economic context, marked by trade uncertainty and accelerating technological change, Québec businesses must adapt to seize the opportunities created by this new reality.

Québec has many assets to help them meet this challenge, including a business climate conducive to investment and innovation, a diversified economy and abundant natural resources.

In Budget 2026-2027, the government is planning initiatives totalling more than \$1.7 billion over five years to accelerate Québec's economic transformation:

- nearly \$700 million to support businesses in adapting to the new economic climate by ensuring a competitive business environment conducive to the implementation of investment projects in promising sectors, as well as an attractive and high-performing ecosystem by supporting investment in research and innovation;
- more than \$580 million to take action to benefit SMBs in all regions by contributing to regional economic growth, accelerating the development of the tourism sector, fostering the development of the bio-food sector, and supporting forestry businesses and communities;
- nearly \$430 million to support the growth of our cultural sector by addressing challenges in the audiovisual sector, ensuring the sustainability of Québec's media ecosystem, and promoting Québec cultural content.

Furthermore, the government is granting itself an additional intervention capacity that can reach \$2.0 billion, through its investment funds, to maintain head offices in Québec and develop the critical and strategic minerals sector.

TABLE A.4

Financial impact of the measures to accelerate Québec's economic transformation

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting businesses in adapting to the new economic climate	-103.0	-250.1	-179.4	-107.2	-53.4	-693.1
Taking action to benefit SMBs in all regions	-293.3	-165.1	-72.1	-25.0	-25.8	-581.3
Supporting the growth of our cultural sector	-84.0	-92.2	-109.2	-72.5	-71.2	-429.1
TOTAL	-480.3	-507.4	-360.7	-204.7	-150.4	-1 703.5

2. SUPPORTING THE GOVERNMENT'S MAIN MISSIONS

In recent years, the government has invested in supporting its main missions, namely the provision of health care and social services, education and higher education, and public safety and justice. These significant investments have provided the basic funding needed to meet the growing needs of the population, improve the accessibility and quality of services offered to citizens, ensure the continuation of essential programs, and thus support the long-term viability of public services.

Budget 2026-2027 is setting aside nearly \$4.3 billion over five years to support the government's main missions:

- nearly \$2.2 billion to improve access to health care and social services, including supporting access to medications, continuing efforts to reduce surgery wait lists, strengthening front-line access, and supporting initiatives for caregivers;
- nearly \$640 million to support students' educational success, meet urgent and temporary school space needs and make the education network more attractive to workers;
- nearly \$400 million to support higher education training, labour market integration and research, particularly to continue promoting and raising the profile of engineering and information technology, extend employment assistance allowances and support research bodies;
- more than \$1 billion to strengthen Quebecers' safety and access to legal services, particularly by consolidating prevention and intervention activities in the area of public safety, and continuing efforts to combat armed violence.

TABLE A.5

Financial impact of the measures to support the government's main missions (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Facilitating access to health care and social services	-397.6	-447.2	-447.5	-437.9	-438.3	-2 168.5
Supporting educational success	-164.7	-135.3	-113.0	-113.0	-113.0	-639.0
Supporting higher education training, labour market integration and research	-108.3	-108.4	-78.1	-50.4	-46.7	-391.9
Strengthening Quebecers' safety and access to legal services	-239.4	-237.4	-212.4	-193.4	-193.4	-1 076.0
TOTAL	-910.0	-928.3	-851.0	-794.7	-791.4	-4 275.4

3. SUPPORTING QUEBECERS AND COMMUNITIES WITH TARGETED ACTION

The uncertain socioeconomic context affects all Quebecers and exacerbates the difficult situations many of them are experiencing.

The government therefore intends to continue its efforts to support Quebecers and communities who are faced with growing challenges. It is maintaining investments and initiatives that address priority needs and protect the most vulnerable citizens.

In Budget 2026-2027, the government is allocating more than \$3.6 billion over six years to support Quebecers and communities:

- nearly \$2.4 billion over five years to support Quebecers, in particular by helping families cope with the rising cost of living by converting 5 000 non-subsidized childcare spaces and maintaining the school tax growth cap at 3%,⁴ supporting access to housing, addressing homelessness and mental health issues, combatting domestic and sexual violence, and strengthening services for vulnerable individuals;

Ultimately, the government's actions since 2021 will have led to the creation of nearly 46 000 additional subsidized childcare spaces for families.

This number is in addition to the nearly 16 000 non-subsidized childcare spaces to be converted.

- more than \$1.0 billion over six years to ensure community resilience, in particular by strengthening the vitality of the territory and providing households with additional support to adapt to and fight climate change;
- nearly \$220 million over five years to promote Québec culture and cultural heritage, in particular by maintaining funding for cultural activities in schools, supporting cultural bodies and preserving our cultural heritage.

⁴ The choices the government has made since 2018 have helped return money to Quebecers. For example, in 2026-2027, the government will return more than \$7 billion to Quebecers. Details of these initiatives are presented on page 33 of Section D, "Supporting Quebecers and Communities with Targeted Action."

TABLE A.6

Financial impact of the measures to support Quebecers and communities with targeted action
(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers	—	-579.1	-679.7	-505.9	-300.3	-303.9	-2 368.9
Ensuring community resilience ⁽¹⁾	-37.0	-130.9	-397.2	-164.6	-165.0	-134.5	-1 029.2
Promoting Québec culture and cultural heritage	—	-32.3	-52.7	-53.6	-38.3	-40.2	-217.1
TOTAL	-37.0	-742.3	-1 129.6	-724.1	-503.6	-478.6	-3 615.2

(1) Of these amounts, \$583.9 million will be drawn from the Electrification and Climate Change Fund.

4. QUÉBEC'S ECONOMY

The global context is profoundly marked by geopolitical, economic and technological upheavals. Québec is navigating this turbulent period and is well positioned to meet the challenges and seize new opportunities. The major initiatives implemented by the government to increase the economy's potential have created more wealth.

Since 2018, Québec has outperformed the rest of Canada.

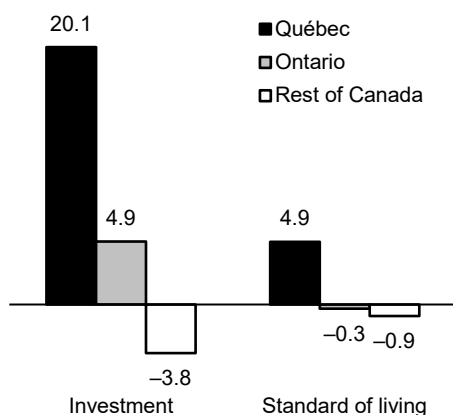
- Québec's strong economic performance has helped narrow the gap in living standards, as defined by real GDP per capita, with its key partners.
- Meanwhile, several measures put in place by the government have supported the purchasing power of households, thereby strengthening their financial situation.

Between 2018 and 2024, household purchasing power, as measured by real disposable income per capita, improved by 9.2% in Québec, compared to 5.1% in Ontario and the rest of Canada.

CHART A.2

Non-residential business investment and standard of living – 2018-2024

(percentage change over the entire period)



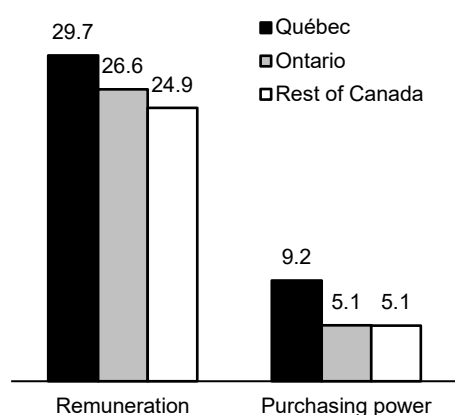
Note: Investments per capita are expressed in real terms and standard of living as measured by real GDP per capita.

Sources: Statistics Canada and Ministère des Finances du Québec.

CHART A.3

Average weekly earnings and household purchasing power – 2018-2024

(percentage change over the entire period)



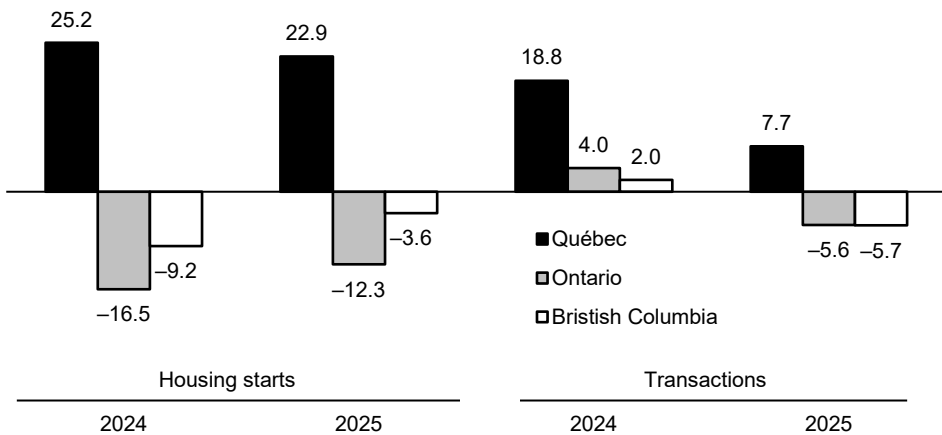
Note: Average weekly earning is expressed in nominal terms, and purchasing power represents real household disposable income per capita.

Sources: Statistics Canada and Ministère des Finances du Québec.

- The Québec labour market is among the best performing in Canada. In 2025, only Saskatchewan (5.2%) had a lower unemployment rate than Québec (5.6%) among all provinces (6.8% in Canada). The employment rate for people aged 15 to 64 (77.4%) was the highest in the country (74.2%).
- Furthermore, Québec’s housing market remains one of the country’s most dynamic, supported by more flexible financing conditions and greater affordability than elsewhere in Canada.
- The Canadian dollar, which remains at a relatively low level, supports the competitiveness of exports. In addition, Québec exporters have adopted a number of strategies to mitigate the impact of tariffs, including diversifying their export markets.

CHART A.4

Housing starts and transactions on the resale market
(percentage change)



Sources: Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Centris and Haver Analytics.

□ The economy is adapting to the new trade reality

Even in the face of numerous headwinds, Québec’s economy showed resilience in 2025. It gradually adapted to the new trade reality, but real GDP growth slowed (+0.8%).

- Despite the tariffs imposed, most exports were shielded under the Canada-United States-Mexico Agreement (CUSMA). Meanwhile, Bank of Canada policy rate cuts, support measures granted by the various levels of government, and the healthy financial position of households helped bolster consumer spending and the residential sector.

In 2026 and 2027, Québec's economy is expected to withstand persistent trade disruptions, and real GDP growth should accelerate. Nonetheless, uncertainty will remain.

- Among other things, the U.S. administration is maintaining high tariffs on certain Canadian products, including aluminum and softwood lumber, and is suggesting that it could introduce more. Furthermore, the effective tariff rate remains low, but CUSMA will be reviewed in 2026 and the outcome of the negotiations is uncertain.
- The geopolitical situation remains tense, particularly in the Middle East.
- In addition, population aging and the decline in temporary and permanent immigration will limit economic gains in the coming years.

In its baseline economic scenario, the Ministère des Finances assumes that trade relations between Canada and the United States will evolve toward a new equilibrium, marked by persistent tariff measures. This scenario takes into account the recent rises in oil prices, but assumes that the situation will be temporary and will ease in the coming months.

- Budget 2026-2027 is based on the premise that the average effective tariff rate will remain relatively stable over the next few years. Furthermore, the review of CUSMA in July 2026 could lead to reduced uncertainty.

An economic forecast in an environment of great uncertainty

Developments in the trade dispute with the United States, the Canada-United States-Mexico Agreement (CUSMA) review process, and the situation in the Middle East are the main risks to the baseline economic scenario. In this context, the Ministère des Finances is presenting two alternative economic forecasts in Section H of the *Québec Budget Plan – March 2026*.

- In particular, an increase in tariffs, the application of further sectoral tariffs or a possible withdrawal of the United States from CUSMA could exacerbate supply chain disruptions and cause a sharper slowdown in international trade, thus dampening economic growth, particularly in investment and exports. Furthermore, the tense geopolitical situation in several regions of the world, including the Middle East, could also slow down the economy, due in particular to an oil shock, if it lasted longer than anticipated.
 - This scenario would result in a recession. Economic activity in Québec would then decline by 0.2% in 2026, before growing by 0.8% in 2027.
- Conversely, if a trade agreement were to be reached between Canada and the United States or certain sectoral tariffs were to be withdrawn, this would reduce uncertainty and stimulate economic growth.
 - Real GDP would increase by 1.6% in 2026, 2.0% in 2027 and 1.8% in 2028.

Overall, following a 0.8% increase in 2025, real GDP growth is expected to accelerate and reach 1.1% in 2026 and 1.4% in 2027.

TABLE A.7

Real GDP and its major components in Québec
(percentage change and contribution in percentage points)

	Change			Contribution		
	2025	2026	2027	2025	2026	2027
Domestic demand	1.8	0.7	1.0	1.9	0.7	1.0
Household consumption	1.1	1.3	1.6	0.7	0.8	0.9
Residential investment	8.1	0.3	-1.2	0.5	0.0	-0.1
Non-residential business investment	1.5	-0.7	1.7	0.2	-0.1	0.2
Government spending and investment	1.4	0.1	0.1	0.4	0.0	0.0
External sector	—	—	—	-1.4	0.4	0.4
Exports	-1.7	1.2	2.2	-0.7	0.5	0.9
Imports	1.4	0.2	1.2	-0.7	-0.1	-0.6
Inventories	—	—	—	0.3	0.0	0.0
REAL GDP	0.8	1.1	1.4	0.8	1.1	1.4

Note: Totals may not add due to rounding.

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

❑ Inflation remains under control, but upside risks are present

In Québec, inflation, as measured by the Consumer Price Index (CPI), remains generally within the Bank of Canada's target range of 1% to 3%, despite monthly blips. Nevertheless, it remains vulnerable to geopolitical tensions, particularly in the Middle East, and developments in the trade dispute with the United States, factors that could exert further upward pressure on prices.

Over the coming months, inflation is expected to remain close to the 2% target.

- In Canada, annual CPI growth is expected to remain relatively stable, averaging 2.1% in 2026 and 2027.
- In Québec, inflation is expected to average 2.3% in 2026 and 2.1% in 2027.

In 2026, headline inflation in Québec is expected to be slightly higher than that observed in Canada.

- This trend is mainly due to housing prices, which are rising faster than in Canada, and to the decline in gasoline prices, which has been less pronounced in Québec than in the rest of the country.
- In addition, the recovery in housing starts in Québec since 2024, combined with a shrinking population, will continue to contribute to easing pressures on housing prices.

The vacancy rate for rental housing, which rose from 1.8% in 2024 to 2.7% in 2025, indicates that the market is well on its way to rebalancing.

TABLE A.8

Consumer Price Index (percentage change)

	2024	2025	2026	2027
Québec	2.3	2.4	2.3	2.1
Canada	2.4	2.1	2.1	2.1

Sources: Statistics Canada and Ministère des Finances du Québec.

5. QUÉBEC'S FINANCIAL SITUATION

This budget presents a budgetary situation that is proving to be better than that forecast last March. The more favourable results in 2025-2026 and 2026-2027 confirm the sound management of public finances.

- On a comparable basis to the budgetary balances of other Canadian provinces and the federal government, the accounting deficit has been adjusted downward by nearly \$3.8 billion in 2025-2026, bringing it to \$7.7 billion, or 1.2% of GDP.
- In 2026-2027, the accounting balance shows a deficit of \$6.3 billion (0.9% of GDP), an improvement of \$861 million compared to that forecast in Budget 2025-2026.

Efforts to return to a balanced budget are continuing in order to preserve the long-term sustainability of public finances.

- With expected growth in portfolio expenditures being compatible with reducing the share of expenditure in the economy, the government is respecting the established trajectory and demonstrating its commitment to achieving its objectives.

□ Financial framework

Revenue amounts to \$166.5 billion in 2026-2027, with growth of 3.7%. Growth will increase to 3.8% in 2027-2028.

- Over the period covered by the financial framework, that is, until 2030-2031, annual revenue growth will average 3.2%.

Total expenditure, or expenditures including debt service, stands at \$170.8 billion in 2026-2027, growing 1.5%.⁵ Growth will be 2.6% in 2027-2028.

- Over the period covered by the financial framework, that is, until 2030-2031, annual growth in total expenditure will average 2.0%.

In addition, the financial framework includes a contingency reserve of \$2.0 billion in 2026-2027 and \$1.5 billion per year as of 2027-2028, for a total of \$8.0 billion over five years, which could be used, in particular, to cover unforeseen expenditures or mitigate the effects of more-moderate-than-expected economic growth.

- As in 2024-2025, the \$2.0-billion contingency reserve that was provided in 2025-2026 is not used.
- Over the period covered by the financial framework, the reserve has remained unchanged since Budget 2025-2026.

⁵ Excluding 2025-2026 expenditures not recurring in 2026-2027, including advance payments for public transit infrastructure projects, growth in total expenditure would be 3.2% in 2026-2027 instead of 1.5%.

One of the lowest budgetary deficits in Canada

In 2025-2026, all Canadian provinces showed budgetary deficits. On a comparable basis to the budgetary balances of other Canadian provinces, that is, before deposits of dedicated revenues in the Generations Fund, Québec's deficit stood at \$7.7 billion in 2025-2026, or 1.2% of GDP.

As a percentage of GDP, this is one of the lowest deficits among Canadian provinces, after Saskatchewan (0.4% of GDP), Alberta (0.9% of GDP) and Ontario (1.1% of GDP).

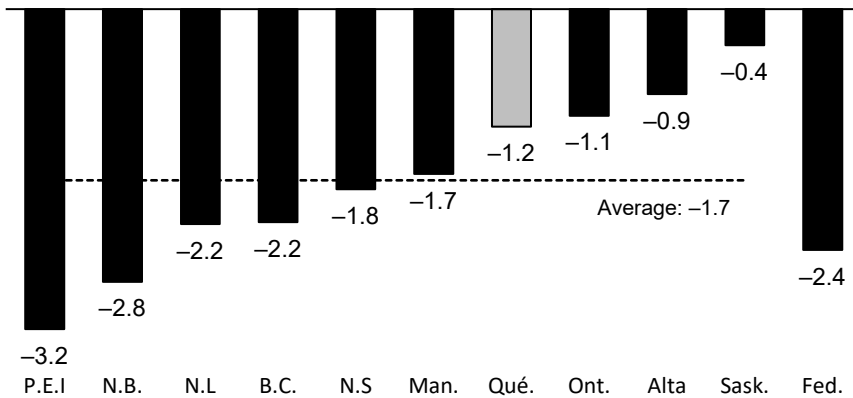
Like most Canadian provinces, Québec must rectify its fiscal deficit situation in the medium term. However, it stands out for having a law that, like in Ontario and Alberta, requires a plan or timeline for restoring balance when a deficit occurs.

- However, this law requires a return to a balanced budget after deposits of dedicated revenues in the Generations Fund, which imposes an additional constraint for Québec compared to other provinces.

Québec is aiming to return to a balanced budget by 2029-2030, while several other provinces with deficits have not set a date.

2025-2026 budgetary balance

(percentage of GDP)



Notes: For Québec, it is the accounting deficit, that is, before deposits of dedicated revenues in the Generations Fund. This deficit is comparable to that of other provinces.
Chart information reflects data available as at March 6, 2026.

Shares of revenue and expenditure in the economy

The shares of government revenue and expenditure in the economy generally follow similar paths.

In 2026-2027, the share of revenue in the economy stands at 25.0%, below that for expenditure, which amounts to 25.6% of GDP.

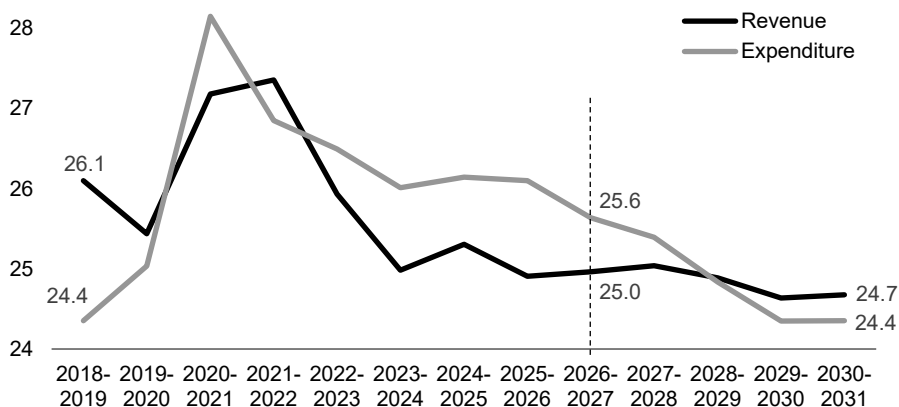
- The decline in the share of revenue in the economy, from 26.1% in 2018-2019 to 25.0% in 2026-2027, is due in particular to the measures introduced by the government to return money to Quebecers, such as the tax reduction announced in Budget 2023-2024 and government contributions to limit school tax increases.
- The increase in the share of expenditure in the economy, from 24.4% in 2018-2019 to 25.6% in 2026-2027, results from government investments to ensure funding for public services, such as health and education. It is also linked to actions taken since 2018 to benefit Quebecers, such as the increases in the senior assistance amount announced in 2021 and 2022.

This gap will gradually be eliminated to maintain sound public finances over the long term.

- With the plan to restore fiscal balance, including measures for revenue and expenditure, the share of expenditure in the economy will gradually decline to 24.3% in 2030-2031, while that of revenue will rise to 24.7% over the same period.

Shares of revenue and expenditure in the economy

(percentage of GDP)



Adjustments to budgetary balances within the meaning of the *Balanced Budget Act*

Under the *Balanced Budget Act*, the budgetary balance corresponds to the accounting surplus or deficit presented in the public accounts (surplus or deficit from operations) reduced by the amount of revenues dedicated to the Generations Fund and adjusted to take into account certain accounting changes, if applicable.

Budget 2026-2027 reports an improvement in the accounting deficit of nearly \$3.8 billion in 2025-2026, \$861 million in 2026-2027 and \$219 million in 2027-2028.

Added to these adjustments are those of the deposits of dedicated revenues in the Generations Fund, which are up by \$112 million in 2025-2026, due to the increase in investment income. For 2026-2027 and 2027-2028, the dedicated revenues have been adjusted downward by \$55 million and \$31 million, respectively. In 2027-2028, there is also a \$250-million downward adjustment to the gap to be bridged.

Thus, the deficit within the meaning of the Act stands at \$9.9 billion in 2025-2026, \$8.6 billion in 2026-2027 and \$5.7 billion in 2027-2028.

Adjustments to budgetary balances within the meaning of the *Balanced Budget Act*

(millions of dollars)

	2025-2026	2026-2027	2027-2028
BUDGETARY BALANCE⁽¹⁾ – MARCH 2025	-13 607	-9 528	-5 695
Adjustments to the economic and budgetary situation	1 877	3 212	2 979
Fall 2025 update initiatives	-65	-218	-195
March 2026 initiatives	-37	-2 133	-2 565
Contingency reserve adjustment	2 000	—	—
Subtotal – Accounting surplus (deficit) adjustments	3 775	861	219
Decrease in the gap to be bridged	—	—	-250
Adjustments to deposits of dedicated revenues in the Generations Fund	-112	55	31
BUDGETARY BALANCE⁽¹⁾ – MARCH 2026	-9 944	-8 612	-5 695

Note: Totals may not add due to rounding.

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

TABLE A.9

Multi-year financial framework

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	AAGR ⁽¹⁾
Revenue							
Personal income tax	49 003	50 800	52 687	54 667	56 629	58 734	
Contributions for health services	9 175	9 412	9 749	10 198	10 498	10 826	
Corporate taxes	14 102	14 527	15 296	15 358	15 968	17 037	
School property tax	1 255	1 311	1 435	1 579	1 720	1 853	
Consumption taxes	29 364	30 008	30 975	31 784	32 523	33 294	
Duties, permits and royalties	6 311	6 542	6 939	7 204	7 537	7 792	
Miscellaneous revenue	15 395	15 908	16 285	16 819	17 471	18 042	
Government enterprises	5 347	5 853	6 442	6 984	7 096	7 254	
Own-source revenue	129 952	134 361	139 808	144 593	149 442	154 832	
% change⁽²⁾	3.5	3.4	4.1	3.4	3.4	3.6	3.6
Federal transfers	30 577	32 131	32 948	33 022	32 337	33 325	
% change	0.3	5.1	2.5	0.2	-2.1	3.1	1.7
Total revenue	160 529	166 492	172 756	177 615	181 779	188 157	
% change	2.8	3.7	3.8	2.8	2.3	3.5	3.2
Expenditure							
Portfolio expenditures	-158 029	-160 489	-164 279	-165 909	-167 887	-173 218	
% change⁽³⁾	4.5	1.6	2.4	1.0	1.2	3.2	1.9
Debt service	-10 155	-10 268	-10 931	-11 340	-11 612	-12 271	
% change	1.9	1.1	6.5	3.7	2.4	5.7	3.9
Total expenditure	-168 184	-170 757	-175 210	-177 249	-179 499	-185 489	
% change	4.3	1.5	2.6	1.2	1.3	3.3	2.0
Contingency reserve	—	-2 000	-1 500	-1 500	-1 500	-1 500	
ACCOUNTING SURPLUS (DEFICIT)⁽⁴⁾							
	-7 655	-6 265	-3 954	-1 134	780	1 168	
% of GDP	1.2	0.9	0.6	0.2	0.1	0.2	

Note: Totals may not add due to rounding.

(1) Average annual growth rate, corresponding to the geometric mean over five years, from 2026-2027 to 2030-2031.

(2) In 2027-2028, the growth in own-source revenue is primarily due to the 3.4% change in nominal GDP in 2027, the increase in Hydro-Québec's results, and the effect of harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.

(3) Excluding 2025-2026 expenditures not recurring in 2026-2027, including advance payments for public transit infrastructure projects, the growth in portfolio expenditures would stand at 3.3% in 2026-2027 instead of 1.6%.

(4) The accounting surplus (deficit) refers to the operating surplus (deficit) as presented in the public accounts.

❑ Returning to a balanced budget

The government tabled a plan to restore fiscal balance in Budget 2025-2026. The plan demonstrated a prudent and responsible approach by forecasting a balanced budget by 2029-2030, after deposits of dedicated revenues in the Generations Fund, in accordance with the *Balanced Budget Act*.

- This budget provides an opportunity for the government to reiterate its commitment to the sound management of public finances and to present a more favourable budgetary situation than that forecast in March 2025.
- The more favourable-than-expected budget forecasts also make it possible to reduce the gap to be bridged by \$250 million in 2027-2028 and in 2028-2029, \$500 million in 2029-2030 and \$750 million in 2030-2031.
 - Once the uncertainty, mainly related to the CUSMA review, dissipates, the economic situation should recover and allow for the gaps to be bridged.

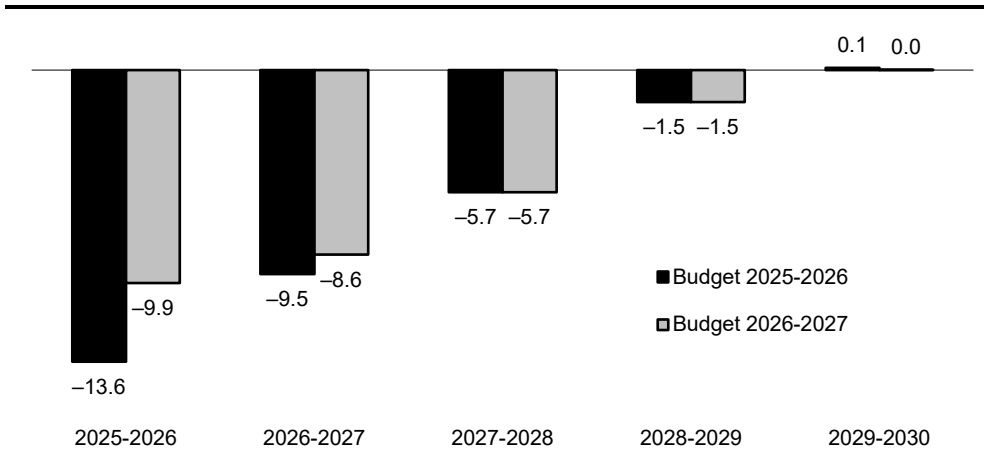
The budgetary balance according to the Act shows deficits of \$9.9 billion in 2025-2026, or 1.5% of GDP, and \$8.6 billion in 2026-2027, or 1.3% of GDP.

- This represents a downward adjustment of \$3.7 billion in 2025-2026 and \$916 million in 2026-2027.

Deficits will gradually decline until a balanced budget is achieved by 2029-2030.

CHART A.5

Path for returning to a balanced budget (billions of dollars)



5.1 Stimulating the economy through significant public infrastructure investments

In the current environment, marked by significant uncertainty due mainly to U.S. trade policy, it is important for the government to support and stimulate the economy. Public infrastructure investments are an important lever available to the government to help not only increase Québec's economic potential, but also ensure quality public services.

— In response to uncertainties, the government had planned, in Budget 2025-2026, to increase infrastructure investments by \$11 billion over three years, from 2025-2026 to 2027-2028, in the 2025-2035 Québec Infrastructure Plan (QIP).

With the dual objective of supporting the economy and providing Québec with modern infrastructure in good condition, in Budget 2026-2027, the government is planning:

- accelerated infrastructure investments of more than \$5 billion over six years, from 2025-2026 to 2030-2031;
 - From 2025-2026 to 2030-2031, investments will total \$108.0 billion, which is \$5.2 billion more than what was planned in the March 2025 budget.⁶
 - The additional \$5.2 billion corresponds to an acceleration of \$3.4 billion from 2026-2027 to 2030-2031 and advance payments of \$1.8 billion in 2025-2026.
- a \$3.0-billion increase in the 2026-2036 QIP, or from 2026-2027 to 2035-2036, to \$167 billion.⁷

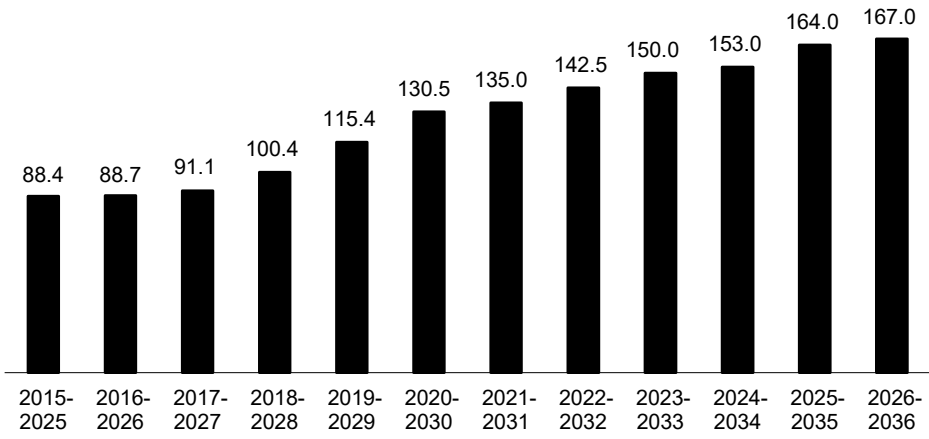
Québec expects the federal government to contribute financially to the QIP, an important plan, particularly through the Build Communities Strong Fund and the Canada Public Transit Fund. Québec will use the federal funds as leverage to ensure that priority projects are carried out across its territory.

⁶ Detailed explanations of infrastructure investments are provided on page 69 of Section F, "Québec's Financial Situation."

⁷ The 2025-2035 QIP stood at \$164 billion.

CHART A.6

Change in the Québec Infrastructure Plan
(billions of dollars)



Source: Secrétariat du Conseil du trésor.

6. THE QUÉBEC GOVERNMENT'S DEBT

Québec has made notable progress in reducing its debt load in recent decades.

The net debt burden will stand at 38.8% of GDP as at March 31, 2026. This is lower than the pre-pandemic level, which was 42.9% as at March 31, 2019.

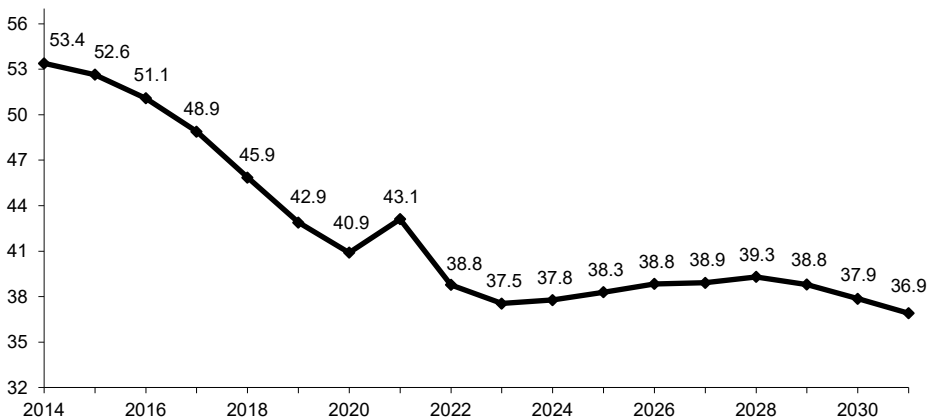
This reduction in indebtedness was achieved against a difficult backdrop marked by a pandemic, heightened geopolitical tensions caused, among other things, by Russia's invasion of Ukraine and a trade dispute with the United States.

Net debt to GDP will increase until 2027-2028 due to, in particular, the significant investments in public infrastructure needed to stimulate economic growth in a context of trade tensions with the United States. It will then fall back to 36.9% of GDP as at March 31, 2031. This will be much lower than the peak reached in 2013-2014, at 53.4% of GDP.

The government aims to reduce net debt to GDP to 35.5% by 2032-2033 and to 32.5% by 2037-2038. It will achieve this, in particular, by returning to a balanced budget after deposits in the Generations Fund starting in 2029-2030.

CHART A.7

Net debt as at March 31 (percentage of GDP)



Note: As of April 1, 2026, the concept of net debt will be replaced by that of net financial liabilities due to the new accounting standard on financial statement presentation coming into force.

❑ The net debt burden is lower than it was as at March 31, 2019

As at March 31, 2026, net debt will stand at 38.8% of GDP, compared to 42.9% as at March 31, 2019. Therefore, over the last seven years, net debt to GDP will have fallen 4.1 percentage points, despite the pandemic, major investments in public infrastructure and reinvestment in public services.

The decrease in the net debt burden is largely explained by strong nominal economic growth during this period. Note that, during this same period, the government took action to boost the economy, namely by increasing Quebecers' disposable income and making significant investments in infrastructure.

❑ Downward adjustment to net debt since the March 2025 budget

For each year of the financial framework, the projected net debt is lower than it was in March 2025. This is due, in particular, to smaller deficits from 2024-2025 to 2026-2027. The level of GDP is also higher, which helps reduce the net debt burden.

Net debt is lower despite the higher investments in public infrastructure announced in this budget.

TABLE A.10

Adjustments to net debt as at March 31 since the March 2025 budget

(millions of dollars, unless otherwise indicated)

	2026	2027	2028	2029	2030
March 2026	250 289	259 509	271 141	276 806	279 304
<i>% of GDP</i>	38.8	38.9	39.3	38.8	37.9
March 2025	255 003	270 435	282 588	286 431	288 149
<i>% of GDP</i>	40.4	41.5	41.9	41.0	39.8
Adjustments	-4 714	-10 926	-11 447	-9 625	-8 845
<i>% of GDP</i>	-1.6	-2.6	-2.6	-2.2	-1.9

APPENDIX: QUÉBEC'S ECONOMIC OUTLOOK – 2024 TO 2030

TABLE A.11

Economic outlook in Québec

(annual average, percentage change, unless otherwise indicated)

	2024	2025	2026	2027	2028	2029	2030
Production							
Real GDP	1.7	0.8	1.1	1.4	1.5	1.5	1.4
Nominal GDP	5.9	4.5	3.5	3.4	3.4	3.4	3.3
Nominal GDP (billions of dollars)	616.8	644.4	666.9	689.9	713.6	737.7	762.4
Components of GDP (in real terms)							
Final domestic demand	3.1	1.8	0.7	1.0	1.0	1.1	1.1
– Household consumption	2.5	1.1	1.3	1.6	1.5	1.5	1.4
– Government spending and investment	2.5	1.4	0.1	0.1	0.3	0.6	0.9
– Residential investment	5.9	8.1	0.3	-1.2	-2.8	-2.5	-1.6
– Non-residential business investment	5.5	1.5	-0.7	1.7	2.5	2.3	2.3
Exports	0.5	-1.7	1.2	2.2	2.0	2.0	1.9
Imports	1.8	1.4	0.2	1.2	1.2	1.2	1.2
Labour market							
Population (thousands)	8 995	9 058	9 045	9 025	9 012	9 007	9 014
Population aged 15 and over – Labour Force Survey (thousands)	7 435	7 579	7 601	7 597	7 596	7 606	7 623
Jobs (thousands)	4 566	4 645	4 665	4 681	4 698	4 713	4 727
Job creation (thousands)	43.2	78.8	20.4	16.1	16.3	15.3	14.0
Unemployment rate (per cent)	5.3	5.6	5.4	4.6	4.2	4.0	4.0
Other economic indicators (in nominal terms)							
Household consumption	5.1	4.0	3.8	3.6	3.4	3.3	3.2
– Excluding food expenditures	4.1	2.6	2.7	3.3	3.2	3.1	3.0
Housing starts (thousands of units)	48.7	59.9	56.0	49.0	41.5	36.9	33.9
Residential investment	9.4	14.2	3.4	1.2	-0.3	-0.2	0.8
Non-residential business investment	9.2	5.4	2.1	4.2	5.1	4.5	4.5
Wages and salaries	6.0	4.4	3.0	3.5	3.3	3.1	3.1
Household income	7.1	3.8	3.2	3.4	3.3	3.2	3.3
Net operating surplus of corporations	3.1	5.7	3.7	3.1	3.4	3.6	3.7
Consumer Price Index	2.3	2.4	2.3	2.1	2.0	2.0	2.0
– Excluding food and energy	2.7	2.7	2.3	2.1	1.9	1.9	1.9

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

Section B

ACCELERATING QUÉBEC'S ECONOMIC TRANSFORMATION

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SUMMARY

The Québec economy is operating in a global climate marked by uncertainty, and relations with its main trading partner have become far more complex.

However, Québec is in an excellent position to meet these challenges, as it can count on its many strengths, including a business climate conducive to investment and innovation, a diversified economy and an abundance of natural resources.

To achieve the wealth creation objectives it set for itself and promote the development of promising sectors, the government plans to use all the levers at its disposal.

- It will continue its efforts to ensure a competitive business environment through strategic investments in economic projects and its public infrastructure, as well as to support businesses, particularly SMBs, in adapting to the new economic climate.

Furthermore, recognizing its economic importance, the government is continuing its efforts to promote Québec culture by supporting our cultural businesses.

In response to the changing global context, the government is continuing its efforts to accelerate Québec's economic transformation.

It is providing more than \$1.7 billion over five years to intensify the adaptation of businesses to the new economic climate.

The government is planning initiatives totalling more than \$1.7 billion over five years to accelerate Québec's economic transformation:

- \$693.1 million to support businesses in adapting to the new economic climate;
- \$581.3 million to take action to benefit SMBs in all regions;
- \$429.1 million to support the growth of our cultural sector.

Furthermore, with an additional capitalization of its investment funds that could reach \$2.0 billion, the government is giving itself the means to encourage strategic businesses to keep their head offices in Québec, particularly through business succession, and for the development of the critical and strategic minerals sector.

TABLE B.1

Financial impact of the measures to accelerate Québec's economic transformation
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting businesses in adapting to the new economic climate	-103.0	-250.1	-179.4	-107.2	-53.4	-693.1
Taking action to benefit SMBs in all regions	-293.3	-165.1	-72.1	-25.0	-25.8	-581.3
Supporting the growth of our cultural sector	-84.0	-92.2	-109.2	-72.5	-71.2	-429.1
TOTAL	-480.3	-507.4	-360.7	-204.7	-150.4	-1 703.5

Significant public investment to stimulate the economy

Accelerated investments in public infrastructure

Annual investments in infrastructure are a key determinant of productivity.

They currently stand at record levels, having risen from \$9.1 billion in 2018-2019 to \$21.0 billion in 2025-2026. They will also remain at historically high levels over the next two years: \$19.4 billion in 2026-2027 and \$19.8 billion in 2027-2028.

To support the economy, Budget 2026-2027 provides for accelerated investments in infrastructure of more than \$5 billion over six years.¹

Immediate economic benefits

Public investment in infrastructure generates significant economic benefits for Québec. In fact, it:

- stimulates economic activity by supporting employment and demand for Québec suppliers;
- improves public infrastructure, which boosts productivity, reduces costs for businesses and enhances Québec's attractiveness in terms of private investment.

Accelerating project implementation allows these benefits to be realized sooner, which helps support economic activity more quickly, mitigating the effects of significant uncertainty.

Therefore, the infrastructure investments of more than \$5 billion provided in Budget 2026-2027 and their accelerated implementation will represent, on average, annually by 2030-2031:

- the preservation of more than 4 400 jobs;
- a contribution of more than \$630 million to Québec's GDP.

Hydro-Québec will also support the economy through its investments

In November 2023, Hydro-Québec presented a plan that will guarantee the security and predictability of energy supply in Québec over the coming years.

- With its action plan, which calls for the addition of 60 TWh, Hydro-Québec will make investments of up to \$160 billion over the 2024-2035 period.

Throughout this period, these investments will not only enable the development of new clean energy sources in Québec to meet growing demand for electricity, but also ensure the long-term viability of existing assets to guarantee their reliability.

The execution of this plan will have significant economic benefits for Québec, notably through the hiring of an average of 35 000 workers per year.

- In addition, these investments will provide support for Québec suppliers and regional development and will help improve their attractiveness.

¹ Investments in 2025-2026 include advance payments of \$1.8 billion in financial assistance for infrastructure, including \$1.7 billion for public transit.

1. SUPPORTING BUSINESSES IN ADAPTING TO THE NEW ECONOMIC CLIMATE

In the current global economic context, marked by both trade uncertainty and accelerating technological change, Québec businesses must adapt to seize the opportunities created by this new reality.

To achieve this, in addition to its significant innovative manufacturing industry, Québec can rely on promising strategic sectors, in particular the mining industry, aerospace, artificial intelligence, quantum computing, optics-photonics, life sciences and cybersecurity.

— These strengths are essential levers for increasing productivity, consolidating Québec's value chains and positioning Québec in the industries that will shape tomorrow's economy.

Québec is well positioned to become a key player in the security and defence markets, as well as in the critical and strategic minerals sector, which could have a major and lasting economic impact.

With the aim of supporting businesses in adapting to the new economic climate, in Budget 2026-2027, the government is providing \$693.1 million over five years:

- \$410.1 million to promote the implementation of investment projects in promising sectors;
- \$283.0 million to improve Québec's economic competitiveness through innovation.

TABLE B.2

Financial impact of the measures to support businesses in adapting to the new economic climate (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Promoting the implementation of investment projects in promising sectors	-68.6	-86.3	-133.9	-83.9	-37.4	-410.1
Improving Québec's economic competitiveness through innovation	-34.4	-163.8	-45.5	-23.3	-16.0	-283.0
TOTAL	-103.0	-250.1	-179.4	-107.2	-53.4	-693.1

A business environment conducive to wealth creation

A competitive business environment, characterized in particular by a simple and stable regulatory framework, abundant investment capital, competitive taxation, quality public infrastructure and a skilled labour pool, makes it easier for companies to seize business opportunities.

- Such a business environment also provides a bulwark against uncertainty and facilitates adaptation to changes in the global economy.

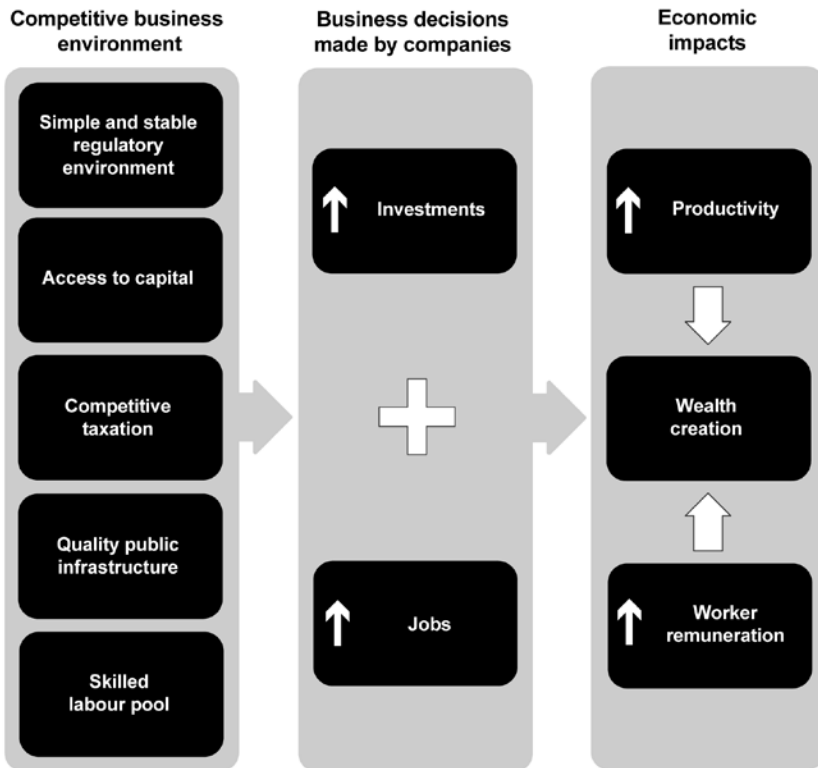
These elements are essential to fostering business investment and quality jobs, which contribute to wealth creation through growth in productivity and worker remuneration.

- To this end, since 2018, the government has been acting on these determinants to create the conditions necessary to increase Québec's economic potential.

As a result, the standard of living gap with Ontario and the rest of Canada has narrowed considerably, from 15.9% in 2018 to 10.2% in 2024 in relation to Ontario and from 20.2% to 13.6% compared to the rest of Canada.

- Such small gaps have never been observed since statistics began to be compiled in 1981.

Determinants of wealth creation



1.1 Promoting the implementation of investment projects in promising sectors

Private investment is essential for fostering economic development and for tackling productivity challenges head on.

— Since productivity gains will be most substantial in promising sectors, it is important to support those with high growth potential in Québec.

In this regard, Québec is using several levers, in particular by offering competitive taxation for new investments, promoting the mobilization of the capital needed to finance business projects and improving the business environment in which they operate.

In Budget 2026-2027, the government is taking additional steps to promote the implementation of investment projects in promising sectors. To this end, it is setting aside \$410.1 million over five years, as follows:

- \$375.0 million to stimulate business investment;
- \$35.1 million to ensure a business environment conducive to the implementation of industrial projects.

TABLE B.3

Financial impact of the measures to promote the implementation of investment projects in promising sectors (millions of dollars)

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Stimulating business investment	-50.0	-80.0	-130.0	-80.0	-35.0	-375.0
Ensuring a business environment conducive to the implementation of industrial projects	-18.6	-6.3	-3.9	-3.9	-2.4	-35.1
TOTAL	-68.6	-86.3	-133.9	-83.9	-37.4	-410.1

1.1.1 Stimulating business investment

To transform Québec's industrial base in response to the new geopolitical and economic context, the government intends to support Québec businesses in implementing projects that will enable them to seize opportunities in promising sectors and in various markets.

— In this regard, the government is committed to acting as a catalyst to foster private investment, productivity and economic transformation.

With the goal of stimulating business investment, in Budget 2026-2027, the government is providing:

- \$375.0 million to support business investments with strong potential;
- an additional \$1.0 billion to make Québec a leader in the production and processing of critical and strategic minerals;
- an additional \$1.0 billion to promote Québec ownership of strategic businesses;
- \$500.0 million to encourage the financial participation of Indigenous communities in economic projects.

TABLE B.4

Financial impact of the measures to stimulate business investment (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting business investments with strong potential ⁽¹⁾	-50.0	-80.0	-130.0	-80.0	-35.0	-375.0
An additional \$1 billion to make Québec a leader in the production and processing of critical and strategic minerals ⁽²⁾	—	—	—	—	—	—
An additional \$1 billion to promote Québec ownership of strategic businesses ⁽³⁾	—	—	—	—	—	—
\$500 million to encourage the financial participation of Indigenous communities in economic projects	—	—	—	—	—	—
TOTAL	-50.0	-80.0	-130.0	-80.0	-35.0	-375.0

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) An additional envelope of \$1 billion will be made available to the Fonds pour les minéraux critiques et stratégiques through advances made by the Minister of Finance.

(3) An additional envelope of \$1 billion will be made available to the Québec Enterprise Growth Fund through advances made by the Minister of Finance.

❑ Supporting business investments with strong potential

The government must ensure that it supports investments that will redefine Québec's economy by promoting activities that offer high added value, increased productivity, and market diversification.

- It already has tools designed to support promising projects, in particular through the Economic Development Fund, which enables Investissement Québec to administer the ESSOR program and provide financial interventions tailored to businesses.

In order to accelerate the implementation of investment projects and increase business productivity, the government is providing, in Budget 2026-2027, \$375.0 million over five years to continue its support for economic projects in sectors with high potential, particularly in the defence sector and the innovative manufacturing sector.

Tools for providing tailored support to businesses

The Economic Development Fund (EDF) has several complementary tools to support business investment, including the ESSOR program and tailored financial interventions.

ESSOR program

The ESSOR program is one of the government's key tools for supporting business investment, particularly among SMBs. Its main objectives are to increase the productivity and competitiveness of businesses and to support them in their expansion projects abroad.

Tailored financial interventions

The EDF's financial interventions are aimed at supporting the achievement of the government's economic priorities. They help accelerate the implementation of strategic initiatives, promote business growth and support the completion of innovation projects through interventions tailored to the specific context of each project.

❑ **An additional \$1 billion to make Québec a leader in the production and processing of critical and strategic minerals**

Critical and strategic minerals (CSMs) are essential for powering promising sectors, including defence, renewable energy, aerospace, telecommunications and quantum computing.

To promote the mining and processing of CSMs in Québec, in Budget 2026-2027, the government is announcing the creation of the Fonds pour les minéraux critiques et stratégiques (FMCS), with \$2.5 billion in capital.

- The new fund will include investments already made by the Natural Resources and Energy Capital Fund, which are mainly in CSMs, plus \$1.0 billion in new capital.
- It will promote intervention methods tailored to the development of CSMs, particularly in the form of long-term supply agreements.

The FMCS will help secure CSM supply chains, promote value-added processing in Québec and consolidate Québec's ability to position itself as an indispensable player in global critical supply chains.

Legislative amendments will be made to that end.

❑ **An additional \$1 billion to promote Québec ownership of strategic businesses**

The current economic climate is marked by a significant increase in the number of Québec entrepreneurs planning to retire in the coming years and an increased risk of businesses being sold to foreign interests.

The Québec Enterprise Growth Fund (QEGF) is a key lever for promoting the development of strategic Québec businesses and keeping head offices in Québec, particularly through business succession.

- It will invest, in particular, in Québec businesses in promising sectors to accelerate their development and spur the emergence of new world-class players.

In order to strengthen its response capacity, in Budget 2026-2027, the government is announcing:

- an increase in the capitalization of the QEGF, taking it to \$2.0 billion;
- an adjustment of its investment policy to allow for greater flexibility in its interventions, particularly in the form of equity conferring strategic rights such as the right of veto over key decisions, representation on the board of directors or pre-emptive rights.

❑ **\$500 million to encourage the financial participation of Indigenous communities in economic projects**

Access to financing is essential to Indigenous communities' participation in investment projects in Québec and to their economic autonomy.

To this end, in Budget 2026-2027, the government is announcing the creation of a \$500-million fund that will provide loan guarantees to enable Indigenous communities to participate financially in economic projects.

— Through these guarantees, they will be able to access loans at favourable interest rates to acquire stakes in projects and thus benefit more from the resulting economic spin-offs.

In a spirit of collaboration and to ensure that the needs of Indigenous communities are met, discussions will be held with First Nations and Inuit representatives regarding the structure and terms of this fund.

Details of the new fund will be unveiled at a later date. Legislative amendments will be made to that end.

Simplified investment tax assistance plan

In the fall of 2023, the government announced the introduction of the simplified investment tax assistance plan to encourage businesses to invest more.

This plan provides a simplified tax environment for businesses, with two complementary tax measures that grant assistance rates of 15%, 20% or 25% depending on the location of the investment, namely:

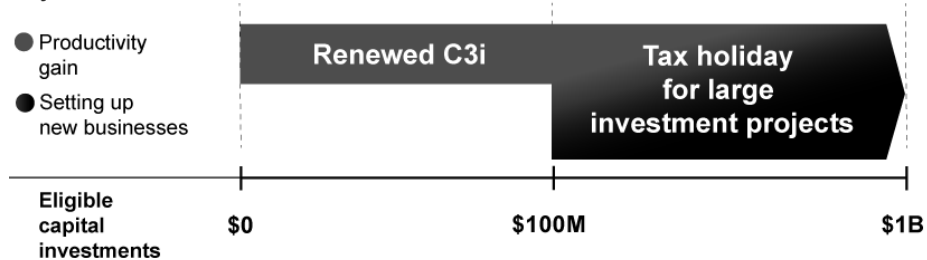
- the renewed investment and innovation tax credit (C3i), which provides fully refundable tax assistance to support the acquisition of productive assets, up to a maximum of \$100 million per four-year period;
- the new tax holiday for large investment projects, which supports investment projects worth more than \$100 million and acts as a trigger for their implementation.

Together, the renewed C3i and the new tax holiday for large investment projects will directly support investments of nearly \$60 billion in Québec by 2029.

Simplified investment tax assistance plan

Objective of the measure

- Productivity gain
- Setting up new businesses



Assistance rate:	- Montréal and Québec City metropolitan communities	15%
	- Territories with low economic vitality	25%
	- Other territories or regions	20%

Eligibility period: Until December 31, 2029

1.1.2 Ensuring a business environment conducive to the implementation of industrial projects

Québec stands to gain from offering a competitive business environment. To this end, the government is continuing its efforts, particularly by simplifying processes, providing the infrastructure needed to accommodate economic projects and supporting the participation of Indigenous communities.

With the aim of ensuring a business environment conducive to the implementation of industrial projects, in Budget 2026-2027, the government is providing \$35.1 million, namely:

- \$11.9 million over five years to accelerate the implementation of economic projects;
- \$18.5 million over four years to establish the infrastructure to accommodate industrial projects;
- \$4.7 million over two years to further support the participation of Indigenous communities in environmental consultations.

TABLE B.5

Financial impact of the measures to ensure a business environment conducive to the implementation of industrial projects (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Accelerating the implementation of economic projects ⁽¹⁾	-2.3	-2.4	-2.4	-2.4	-2.4	-11.9
Establishing the infrastructure to accommodate industrial projects ⁽²⁾	-14.0	-1.5	-1.5	-1.5	—	-18.5
Further supporting the participation of Indigenous communities in environmental consultations ⁽³⁾	-2.3	-2.4	—	—	—	-4.7
TOTAL	-18.6	-6.3	-3.9	-3.9	-2.4	-35.1

Note: The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

- (1) Appropriations of \$5 million will be granted to the Ministère des Finances and appropriations of \$6.9 million will be granted to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs.
- (2) Appropriations of \$14 million will be granted to the Ministère des Transports et de la Mobilité durable and appropriations of \$4.5 million will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie. An investment of \$2 million is provided for in the 2026-2036 Québec Infrastructure Plan.
- (3) The appropriations will be granted to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs.

A competitive global business environment

In 2025, the government extended and enhanced its accelerated depreciation measures, representing \$2.7 billion in tax relief for businesses by 2029-2030. These measures include:

- the renewal of the accelerated investment incentive and immediate expensing;
- the introduction of immediate expensing for buildings used for manufacturing or processing activities;
- the accelerated depreciation for purpose-built rental housing.

By enabling them to write off the cost of their investment more quickly, accelerated depreciation measures enable businesses to benefit from increased liquidity and greater profitability on their investments.

Tax incentives for investment

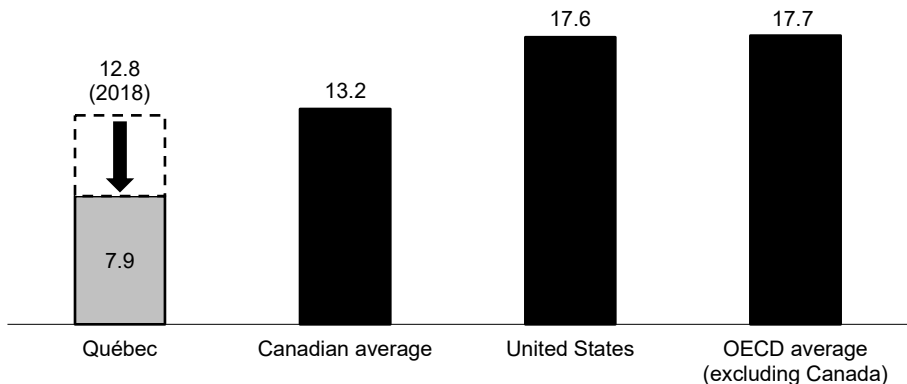
Overall, investment incentive measures allow Québec's marginal effective tax rate (METR) on investment to compare favourably internationally. In addition to accelerated depreciation, they include, in particular:

- the simplified investment tax assistance plan and the new tax assistance system for innovation;
- a competitive general rate and competitive corporate tax rate for SMBs.

With the accelerated depreciation measures announced in 2018 and recently extended and enhanced, Québec's METR on investment, which also takes federal taxes into account, has fallen from 12.8% in 2018 to 7.9% in 2025, compared to an average of 13.2% for Canada and 17.6% for the United States.

Marginal effective tax rate (METR) on investment – 2025

(per cent)



❑ Accelerating the implementation of economic projects

In order to compete internationally for the implementation of major projects, accelerating the granting of the necessary authorizations becomes essential.

To that end, on December 9, 2025, the government tabled Bill 5, *An Act to accelerate the granting of the authorizations required to carry out priority national-scale projects*, in the National Assembly.

- It aims to establish a simpler and more predictable approval process while maintaining the highest government standards already in effect for environmental protection and transparency.
- A team will be created within the Ministère des Finances to support project proponents throughout the process and ensure close collaboration with relevant parties concerned.

The government has also committed to optimizing the procedure for examining and assessing environmental impacts in order to strengthen economic competitiveness, particularly in the energy sector, without compromising environmental standards.

- This entails new responsibilities for the Bureau d'audiences publiques sur l'environnement (BAPE), which may require significant resources to analyze several economic development projects simultaneously.

In order to accelerate the implementation of economic projects by optimizing processes, in Budget 2026-2027, the government is providing:

- \$5.0 million over five years for the administration, by the Ministère des Finances, of the new process proposed by Bill 5;
- \$6.9 million over five years to support the BAPE in its new responsibilities.

An optimized, simplified, and transparent authorization process for strategic projects in Québec

Bill 5, *An Act to accelerate the granting of the authorizations required to carry out priority national-scale projects*, aims to strengthen Québec's autonomy, resilience and economic prosperity.

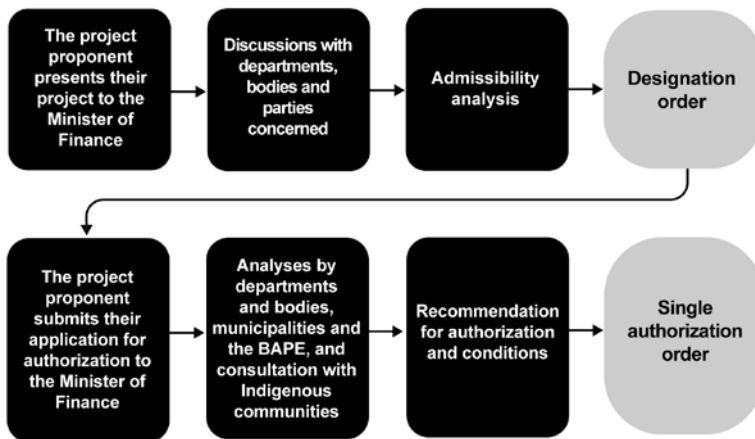
The government is taking this action to reduce the time required to obtain authorizations, thereby accelerating the deployment of strategic projects for Québec and providing investors with greater predictability.

A two-step process

The bill proposes a simplified two-step process, namely:

- the designation, by which a proponent's project is officially recognized as a priority and of national scale;
- the authorization, which consists of granting the project proponent a single authorization that replaces all of the authorizations and conditions required for the implementation of a designated project.

Project authorization and designation process



Reducing the time required to obtain authorizations

The goal of the bill is to accelerate the project authorization process by offering a simplified administrative procedure and better government coordination.

- The Ministère des Finances will play a central role in this approach by acting as the main point of contact for project proponents, coordinating analyses and opinions from relevant parties concerned, and ensuring that timelines are met.
- This process will be based on close collaboration between the relevant departments and bodies, municipalities and Indigenous communities.

A transparent and responsible approach

The principles of transparency, social acceptability, citizen participation and respect for Indigenous communities are at the heart of the government's approach.

❑ Establishing the infrastructure to accommodate industrial projects

In order to increase the capacity to accommodate industrial projects, improving transportation infrastructure and developing industrial land are two significant levers for positioning Québec as a strategic location for major investment projects.

In this regard, in Budget 2026-2027, the government is providing:

- \$14.0 million to continue supporting businesses and municipalities in maintaining and improving the condition of rail transportation and modal integration infrastructure;
- \$4.5 million to conduct studies for the development of industrial land, which offers a significant advantage in reducing delays and uncertainties for potential investors, thereby promoting the implementation of new projects.

❑ Further supporting the participation of Indigenous communities in environmental consultations

The context of optimizing the environmental assessment of economic development projects, spearheaded by the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs, directly involves the interests of First Nations and Inuit.

In accordance with constitutional obligations, the government must consult with Indigenous communities when considering a project that may adversely affect an established or credibly claimed ancestral or treaty right.

- As such, it recognizes the importance of supporting Indigenous communities to ensure that they have the resources needed to participate fully in such consultations.

In this regard, in Budget 2026-2027, the government is providing \$4.7 million over two years to further support the participation of Indigenous communities and bodies in environmental consultations on economic development projects.

1.2 Improving Québec's economic competitiveness through innovation

Innovation and research are at the heart of improving the productivity and competitiveness of Québec businesses.

By integrating innovations into their activities, businesses can set themselves apart from the competition, whether by designing more innovative products or improving the efficiency of their production processes.

To strengthen its position in strategic sectors, the government must ensure that Québec remains attractive and competitive by encouraging investment in research and innovation.

To achieve this, in Budget 2026-2027, the government is providing \$283.0 million over five years, namely:

- \$187.7 million to support the innovation chain;
- \$73.3 million to support the growth of innovative industries and the adoption of cutting-edge technologies;
- \$22.0 million to foster innovation and productivity in the construction sector.

TABLE B.6

Financial impact of the measures to improve Québec's economic competitiveness through innovation (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting the innovation chain	-16.9	-122.8	-19.9	-13.7	-14.4	-187.7
Supporting the growth of innovative industries and the adoption of cutting-edge technologies	-8.5	-31.0	-24.6	-8.6	-0.6	-73.3
Fostering innovation and productivity in the construction sector	-9.0	-10.0	-1.0	-1.0	-1.0	-22.0
TOTAL	-34.4	-163.8	-45.5	-23.3	-16.0	-283.0

New tax assistance system for innovation

In Budget 2025-2026, the government introduced a new tax assistance system for business innovation, which aims to create an environment more conducive to innovation, competitiveness and business growth.

It consists of two measures designed to support businesses at every stage of the innovation process, namely:

- the refundable tax credit for research, innovation and commercialization (CRIC);
- the incentive deduction for the commercialization of innovations (IDCI).

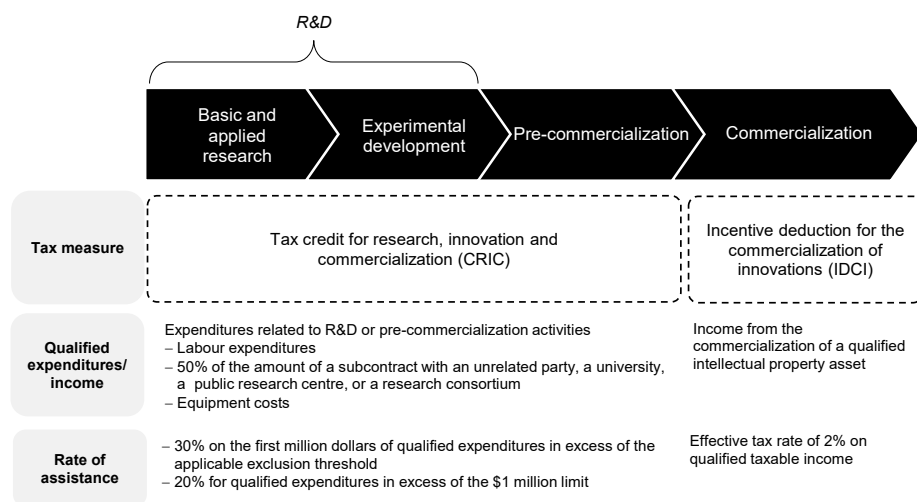
The CRIC provides tax assistance suited to the needs of innovative businesses by supporting a wide range of activities and expenditures across the innovation continuum, thereby strengthening the competitiveness of Québec's tax system for innovation assistance compared to its partners.

- In addition to supporting R&D, the CRIC now supports pre-commercialization activities.
- The expansion of qualified expenditures, particularly the costs of acquiring certain equipment, also provides better support for technology sectors that are more capital-intensive in their innovation processes.

As for the IDCI, its aim is to encourage the retention and valorization of intellectual property (IP) assets developed in Québec.

- In short, it provides the benefit of an effective tax rate of 2% on qualified taxable income derived from the commercialization of a qualified IP asset.

New tax assistance system for innovation



1.2.1 Supporting the innovation chain

Over the years, Québec has established a world-class innovation ecosystem.

The government intends to continue its efforts to optimize overall support for innovation in order to ensure an attractive business environment conducive to innovation within businesses and public administration, with the aim of increasing the productivity and resilience of the Québec economy.

To this end, the government is providing \$187.7 million in Budget 2026-2027, as follows:

- \$90.5 million in 2027-2028 to ensure the funding of the innovation ecosystem;
- \$54.8 million over five years to support public research and leverage its results;
- \$42.4 million over four years to strengthen digital sovereignty through greater pooling of digital solutions.

TABLE B.7

Financial impact of measures to support the innovation chain (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Ensuring the funding of the innovation ecosystem ⁽¹⁾	—	-90.5	—	—	—	-90.5
Supporting public research and leveraging its results ⁽²⁾	-16.9	-23.1	-7.6	-3.6	-3.6	-54.8
Strengthening digital sovereignty through greater pooling of digital solutions ⁽³⁾	—	-9.2	-12.3	-10.1	-10.8	-42.4
TOTAL	-16.9	-122.8	-19.9	-13.7	-14.4	-187.7

Note: For 2026-2027, \$6.9 million will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) Appropriations of \$37 million will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie, and appropriations of \$17.8 million will be granted to the Ministère des Finances.

(3) The appropriations will be granted to the Ministère de la Cybersécurité et du Numérique.

❑ Ensuring the funding of the innovation ecosystem

The government has made significant efforts to strengthen Québec's performance in terms of innovation, notably through the 2022-2027 Québec Research and Innovation Investment Strategy (QRIS²).

— The QRIS² has supported and implemented several initiatives that have strengthened Québec's innovation ecosystem, representing more than \$1.5 billion in support per year.

To ensure the funding of this ecosystem's key bodies, in Budget 2026-2027, the government is providing \$90.5 million in 2027-2028 to support the continuation of their activities.

— The announcement of a new tax assistance system for innovation in Budget 2025-2026 was a significant step in that direction, and further measures will be coordinated to increase their effectiveness and enhance the impact of government support.

This amount will enable priority activities to continue while work is underway to develop a new strategy by 2028 in collaboration with industry stakeholders.

Luqia Technologies: the leading laboratory in photonics and artificial intelligence

Luqia Technologies is an industrial laboratory equipped with state-of-the-art equipment and unique expertise that seeks to accelerate innovation through R&D, scale-up, advanced manufacturing and technology transfer.

- This laboratory specializes in optics, photonics, quantum technologies, data science and artificial intelligence.
- It is the result of the merger between the Institut national d'optique in Québec City and the Computer Research Institute of Montréal.

The laboratory, which comprises more than 250 researchers, will enable businesses and institutions in innovation zones to develop cutting-edge technological solutions for strategic sectors in Québec such as defence, aerospace and cybersecurity.

Over the next few years, the government will support Luqia Technologies' research activities and operations to ensure its efficient deployment and so that its expertise and work can foster synergies in the research ecosystem and maximize the benefits for Québec society.

❑ **Supporting public research and leveraging its results**

Public research plays an essential role in scientific progress, as it produces fundamental knowledge that often forms the basis for future innovations.

In Budget 2026-2027, the government is thus providing \$54.8 million to support public research and leverage its results, namely:

- \$20.0 million over two years for the Fonds de recherche du Québec to support its mission aimed at supporting, structuring and promoting research in Québec;
- \$17.8 million over five years to enable the Institut de la statistique du Québec to continue developing access to data for research purposes;
- \$17.0 million over three years to further leverage public research and protect intellectual property throughout Québec, particularly with the help of Axelys.

❑ **Strengthening digital sovereignty through greater pooling of digital solutions**

To increase technological autonomy and administrative efficiency, the government is investing \$42.4 million over four years to strengthen the agility, security and resilience of public services, reduce dependence on external suppliers, and support digital sovereignty.

- These investments will help support the development of a platform designed to provide a unified, modern and secure environment for developing digital solutions to accelerate the digital transformation of public bodies.

1.2.2 Supporting the growth of innovative industries and the adoption of cutting-edge technologies

Québec stands out on the international stage thanks to its proficient value chains, which bring together numerous businesses and leaders in strategic sectors such as aerospace, artificial intelligence (AI), digital and quantum technologies, and clean technologies.

To support the growth of innovative industries and the adoption of cutting-edge technologies, the government is providing \$73.3 million in Budget 2026-2027, as follows:

- \$45.8 million over four years to continue the development of innovation zones in Québec;
- \$24.5 million over three years to encourage the adoption of AI and quantum technologies;
- \$3.0 million over five years to create a joint research unit in quantum photonics.

TABLE B.8

Financial impact of the measures to support the growth of innovative industries and the adoption of cutting-edge technologies (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Continuing the development of innovation zones in Québec ⁽¹⁾	-2.9	-15.9	-19.0	-8.0	—	-45.8
Encouraging the adoption of AI and quantum technologies ⁽¹⁾	-5.0	-14.5	-5.0	—	—	-24.5
Creating a joint research unit in quantum photonics ⁽²⁾	-0.6	-0.6	-0.6	-0.6	-0.6	-3.0
TOTAL	-8.5	-31.0	-24.6	-8.6	-0.6	-73.3

Note: For 2026-2027, \$3.5 million will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) The appropriations will be granted to the Ministère de l'Enseignement supérieur.

❑ Continuing the development of innovation zones in Québec

In 2019, the Québec government announced the creation of innovation zones, an initiative that mobilized multiple sectors and brought about concerted action across them.

— The projects carried out in these zones help bolster innovation ecosystems in promising sectors and cutting-edge technologies.

To continue the development of the Québec innovation zones, in Budget 2026-2027, the government is providing \$45.8 million over four years.

— This sum will notably be used to support businesses operating in DistriQ, the quantum innovation zone in Sherbrooke.

Québec innovation zones

Collaborative areas to accelerate innovation

Innovation zones in Québec are strategic hubs designed to strengthen Québec's competitiveness in key sectors.

Their objective is to implement projects that support collaborative innovation aimed at accelerating the commercialization of innovations and increasing the attractiveness of Québec and its regions in strategic sectors and cutting-edge technologies.

Currently, four innovation zones have been unveiled by the government, namely:

- DistriQ, the quantum innovation zone of Sherbrooke;
- Technum Québec, the microelectronics innovation zone in Bromont;
- Vallée de la transition énergétique, in three complementary hubs located in Shawinigan, Trois-Rivières, and Bécancour;
- Espace Aéro, located in Mirabel, Longueuil and Montréal.

To date, approximately \$9 billion has been invested in the deployment of these zones by private and public partners.

A new innovation zone

The government will soon unveil a fifth innovation zone, the mining innovation zone, in Rouyn-Noranda in Abitibi-Témiscamingue.

This zone will serve as a hub for Québec's expertise in mining innovation. It will prioritize two areas of research and development:

- autonomous mining, which focuses, in particular, on data management and exploitation, as well as the development of artificial intelligence and connected equipment;
- sustainable mining, which aims to improve the balance between the needs of the mining industry and those of its host community, particularly through responsible mining practices, soil restoration and the social acceptability of projects.

❑ Encouraging the adoption of AI and quantum technologies

Québec stands out for its world-renowned ecosystem in AI and quantum technologies.

In order to reap the full benefits, it is imperative that Québec businesses intensify their integration of these technologies in promising sectors, such as defence, aerospace and energy.

To encourage the adoption of AI and quantum technologies and strengthen Québec's comparative advantages, in Budget 2026-2027, the government is providing \$24.5 million over three years.

In particular, this amount will be used for the purposes of:

- launching a call for projects, as part of the Innovation program, to stimulate the adoption of these cutting-edge technologies in priority sectors;
- providing support to various bodies in the sector, including PINQ², Calcul Québec, Institut quantique, IVADO, and QV Studio.

Tax credit for the development of e-business integrating artificial intelligence

In Budget 2025-2026, the government introduced the tax credit for the development of e-business integrating artificial intelligence (TCEB^{AI}), which offers a rate of 30% on qualified wages.

Intended for businesses specializing in IT, the TCEB^{AI} aims to stimulate the design and marketing of AI solutions.

- The TCEB^{AI} gives Québec a unique competitive advantage, which is unmatched anywhere else in the world, and contributes to the development of a proficient AI ecosystem in Québec.

Additionally, in Budget 2026-2027, adjustments are being made to the tax credit to provide greater predictability for the businesses that receive it, mainly by clarifying the eligibility of certain preparatory work needed for the effective integration of AI into businesses' IT solutions.¹

A complementary measure

Complementing the TCEB^{AI}, the funding provided in Budget 2026-2027 will encourage the adoption of AI and quantum technologies in Québec businesses.

Together, these various government initiatives will help increase business productivity and promote growth in Québec's economy.

¹ For more details on adjustments to the TCEB^{AI}, see Section A of *Additional Information – March 2026*.

❑ **Creating a joint research unit in quantum photonics**

Québec aims to become a leader in technology research and development.

- To this end, the quantum photonics sector is a fast-growing field of research and represents a strategic avenue for the government, as it enhances communications security and promotes advances in several key areas.

The creation of a joint research unit (UMR) in Québec specializing in quantum photonics will stimulate innovation in this sector and generate a range of positive spin-offs, particularly in the fields of cybersecurity, AI and early disease detection.

This UMR will draw on the expertise of the Institut national de la recherche scientifique (INRS), a constituent of the Université du Québec network, and Luqia Technologies.

- A UMR is a partnership formed to conduct high-level research. It embodies an environment conducive to collaboration between professors, researchers and scientists with a view to pooling their resources and conducting a joint research program.

In Budget 2026-2027, the government is providing \$3.0 million in financial support over five years to create a UMR in quantum photonics.

1.2.3 Fostering innovation and productivity in the construction sector

The Québec construction sector is a significant economic driver, and increased productivity in this sector would accelerate the completion of industrial projects and the construction of housing, as well as improve the standard of living for the entire population.

— However, this sector continues to face challenges in terms of the availability of skilled labour and productivity.

To foster innovation and productivity in the construction sector, the government is providing \$22.0 million in Budget 2026-2027, as follows:

- \$15.0 million over five years to support the establishment of the innovative construction district in the RCM of La Nouvelle-Beauce, which will bring together industry players to promote collaboration, share best practices and accelerate innovation;
- \$7.0 million over two years to continue to improve productivity in the construction sector by supporting the integration of technological solutions and the acquisition of the skills needed to use them.

These amounts will accelerate the adoption of digital technologies and practices, thereby improving the efficiency of businesses in the sector, complementing measures already implemented to reduce the regulatory and administrative burden.

TABLE B.9

Financial impact of the measures to foster innovation and productivity in the construction sector (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting the establishment of the innovative construction district ⁽¹⁾	-6.0	-6.0	-1.0	-1.0	-1.0	-15.0
Continuing to improve productivity in the construction sector ⁽²⁾	-3.0	-4.0	—	—	—	-7.0
TOTAL	-9.0	-10.0	-1.0	-1.0	-1.0	-22.0

Note: The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale.

2. TAKING ACTION TO BENEFIT SMBS IN ALL REGIONS

SMBs in our regions are the backbone of our economy and play a central role in Québec's economic resilience and autonomy.

— Rooted in their community, they support employment, boost local supply chains and contribute to the vitality of our communities.

In the current economic climate, marked by rapid transformation and increased competition, their contribution remains more essential than ever to our collective prosperity.

Thus, in Budget 2026-2027, the government is announcing \$581.3 million over five years to take action to benefit SMBs in all regions, namely:

— \$216.2 million to strengthen the key assets of our regions;

— \$365.1 million to support forestry businesses and communities.

TABLE B.10

Financial impact of the measures to take action to benefit SMBs in all regions (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Strengthening the key assets of our regions	-64.5	-98.9	-50.2	-1.3	-1.3	-216.2
Supporting forestry businesses and communities	-228.8	-66.2	-21.9	-23.7	-24.5	-365.1
TOTAL	-293.3	-165.1	-72.1	-25.0	-25.8	-581.3

SMBs central to government action

2025-2028 SMB plan

Announced in June 2025, the 2025-2028 SMB Plan aims to help increase SMB productivity and accelerate business growth.

It brings together the government's main SMB support measures, namely:

- Réseau accès PME, which aims to provide a gateway for businesses to guide them through every stage of their project;
- Espaces PME innovation, which support innovative SMBs;
- funding tools, such as local investment funds;
- business support services backed by the government;
- initiatives aimed at accelerating the digital transformation of businesses, including the digital transformation offensive;
- organizations that support SMB transfers and acquisitions;
- initiatives to reduce the administrative burden on businesses.

The 2025-2028 SMB Plan represents nearly \$500 million in financial interventions for Québec SMBs to help them grow and implement their projects.

A tax system favourable to SMBs

In addition to these initiatives, the corporate tax system includes significant measures to reduce the tax burden on SMBs, totalling nearly \$3.3 billion in 2026, including:

- the small business deduction, which reduces the tax rate from 11.5% to 3.2% on the first \$500 000 of taxable income;
- the additional deduction for transportation costs incurred by remote SMBs, which reduces taxable income by between 1% and 10% of gross income, depending on the distance from urban centres;
- the reduced Health Services Fund (HSF) contribution rate for SMBs, which reduces the contribution rate from 4.26% to 1.65% or 1.25%, depending on the activity sector;
 - A temporary holiday from contributions to the HSF applies in 2026 and 2027 for businesses, particularly SMBs, in the agriculture, forestry, and fishing sectors.
- the reduction in social security contribution rates to the Québec Pension Plan and the Québec Parental Insurance Plan.

2.1 Strengthening the key assets of our regions

Québec's various regions make a significant contribution to the province's economic activity and prosperity.

- They play a central role in wealth creation, particularly through significant sectors such as bio-food and tourism, which promote local expertise while also contributing to the attractiveness and development of the regions.

In a changing economic climate, the government intends to draw on the specific strengths of each region to boost their development capacity.

- This approach aims to enable SMBs in the regions to take full advantage of new growth opportunities by capitalizing on their strengths and expertise.

In order to strengthen the key assets of our regions, in Budget 2026-2027, the government is announcing \$216.2 million, namely:

- \$39.9 million over five years to contribute to the economic growth of the regions;
- \$78.9 million over three years to accelerate the development of the tourism sector;
- \$97.4 million over five years to foster the development of the bio-food sector.

TABLE B.11

Financial impact of the measures to strengthen the key assets of our regions (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Contributing to the economic growth of the regions ⁽¹⁾	-11.1	-17.6	-9.6	-0.8	-0.8	-39.9
Accelerating the development of the tourism sector	-33.1	-34.6	-11.2	—	—	-78.9
Fostering the development of the bio-food sector	-20.3	-46.7	-29.4	-0.5	-0.5	-97.4
TOTAL	-64.5	-98.9	-50.2	-1.3	-1.3	-216.2

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie. For 2026-2027, \$4.3 million will be drawn from the Contingency Fund.

2.1.1 Contributing to the economic growth of the regions

Regional development contributes to economic growth and the prosperity of all Quebecers.

In order to boost their economic vitality, the government will renew several initiatives, mainly facilitating investment in regional SMBs, revitalization of areas, and promotion of buying local.

To achieve this, in Budget 2026-2027, the government is providing \$39.9 million, namely:

- \$29.9 million over three years to enhance funding for regional economic development initiatives;
- \$10.0 million over five years to support business growth in the regions.

Extending the tax credit for Gaspésie and certain maritime regions of Québec

The tax credit for Gaspésie and certain maritime regions of Québec aims to support the growth of businesses active in certain specific sectors in the regions of Gaspésie-Îles-de-la-Madeleine, Côte-Nord and Bas-Saint-Laurent, particularly the seafood processing sector.

- The tax credit supports part of these businesses' wage expenditures, thus enabling them to obtain liquidity to carry out modernization and diversification projects, among other things.

In order to continue supporting the economic development of Québec's maritime regions, which are facing major economic challenges, in fall 2025, the government announced:

- a five-year extension of the tax credit for Gaspésie and certain maritime regions of Québec, until December 31, 2030;
- the addition of the La Matapédia, La Mitis and Rimouski-Neigette RCMs to the eligible territories with regard to the seafood processing sector, to ensure equity between businesses in Québec's maritime regions, which are facing significant competition against the backdrop of tariff threats.

This support of nearly \$100 million over five years will support the development of around 100 regional businesses to enhance their competitiveness so that they can contribute to the economy of their region and of Québec.

❑ **Enhancing funding for regional economic development initiatives**

In order for the regions to contribute fully to wealth creation in Québec, they must be able to count on government support tailored to their specific reality.

To this end, in Budget 2026-2027, the government is providing \$29.9 million to enhance funding for promising regional economic development initiatives, as follows:

- \$20.0 million over three years to enhance funding for the economic development program to help revitalize territories (DÉPART), which aims to financially support businesses of the least vitalized RCMs;
- \$5.4 million over three years to increase the amounts available in local investment funds (LIFs), which enable RCMs to provide greater support to SMBs in their area;
 - This will allow additional loans totalling \$18.0 million over three years to be made to RCMs to increase the available capital.
- \$4.5 million over two years to support Les Produits du Québec, an organization whose mission is to facilitate the purchase of Québec products, through three certification marks: “Product of Québec,” “Manufactured in Québec,” and “Designed in Québec.”

❑ **Supporting business growth in the regions**

Québec’s regions can count on the presence of strong industries that generate significant economic benefits.

To support business growth in the regions and increase their contribution to Québec’s economy, in Budget 2026-2027, the government is providing interventions totalling \$10.0 million, namely:

- \$6.0 million over three years to maintain support for niches of excellence that contribute to regional development based on sectoral expertise, the creation of industrial networks, and the implementation of strategic projects;
- \$4.0 million over five years to support the funding of industrial clusters, which promote the development of dynamic ecosystems and stimulate the competitiveness of SMBs.

2.1.2 Accelerating the development of the tourism sector

Tourism plays a key role in the economic prosperity of Québec's regions. By attracting visitors from here and outside Québec, tourism energizes our living environments and supports the growth of local businesses.

Players in the tourism sector enable both Quebecers and visitors from elsewhere to discover the richness of our regions and attractions, as well as the vitality of our culture. They also help create and retain jobs, and help generate significant investment throughout the different regions.

To accelerate the development of the tourism sector, in Budget 2026-2027, the government is providing \$78.9 million over three years, namely:

- \$26.0 million to increase investment in our tourist attractions;
- \$34.9 million to renew initiatives that support our partners in the tourism sector;
- \$18.0 million to renew the support program for international sporting events.

TABLE B.12

Financial impact of the measures to accelerate the development of the tourism sector (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Increasing investment in our tourist attractions ⁽¹⁾	-6.0	-15.0	-5.0	—	—	-26.0
Renewing initiatives that support our partners in the tourism sector ⁽²⁾	-21.1	-13.6	-0.2	—	—	-34.9
Renewing the support program for international sporting events ⁽³⁾	-6.0	-6.0	-6.0	—	—	-18.0
TOTAL	-33.1	-34.6	-11.2	—	—	-78.9

Note: The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) The appropriations will be granted to the Ministère du Tourisme.

(3) Funding is provided by the Sports and Physical Activity Development Fund.

❑ **Increasing investment in our tourist attractions**

The Program Supporting the Development of Tourist Attractions (PADAT) is a loan or loan guarantee program administered by Investissement Québec.

To increase investment in our tourist attractions, in Budget 2026-2027, the government is providing \$26.0 million over three years to extend PADAT.

— This is in addition to the \$19.0 million already available for this program.

The private investments supported by this mechanism strengthen the role of tourism as a strategic lever for economic development, in addition to increasing the vitality of communities and regions.

❑ **Renewing initiatives that support our partners in the tourism sector**

The government recognizes the significant contribution made by various partners over several years to the development of the tourism sector in Québec and wishes to continue its strategic collaboration with them.

To renew initiatives that support our partners in the tourism sector, in Budget 2026-2027, the government is providing \$34.9 million over three years, namely:

- \$21.9 million to renew agreements with regional tourism associations;
 - This amount is in addition to the \$6.1 million currently earmarked to support these associations.
- \$7.2 million to promote Québec as a tourist destination in partnership with the Alliance de l'industrie touristique du Québec;
 - In addition, \$7.0 million was previously set aside to support this partner.
- \$4.0 million to support innovation in tourism;
- \$1.0 million to help make tourism more accessible to all;
- \$0.8 million to strengthen workforce initiatives.

❑ **Renewing the support program for international sporting events**

Since 2006, the government has been providing financial support for the development of high-performance sports in Québec through the support program for international sporting events.

— The aim of this program is to increase the number of international sporting events held in Québec and to boost the participation of Québec athletes in these competitions.

Hosting international sporting events requires significant financial support so that host organizations can meet the strict requirements imposed by international federations, particularly in terms of the quality of the competition and training venues, media coverage and hospitality for delegations.

As part of this program, the government plans to provide financial support for several major events that will take place in the coming months, including the Davis Cup and Billie Jean King Cup Junior Final Qualifiers in 2026, the MSA Snowboard Cross Tour in 2026, and the Women's Ice Hockey World Championship in 2027.

To renew the support program for international sporting events, the government is providing \$18.0 million over three years in Budget 2026-2027.

2.1.3 Fostering the development of the bio-food sector

The bio-food sector is an important part of economic activity in Québec and contributes significantly to the enhancement of the land and the vitality of the regions.

With the aim of promoting the development of this sector and strengthening Québec's food autonomy, in Budget 2026-2027, the government is providing \$97.4 million, namely:

- \$95.1 million over three years to increase the competitiveness of the bio-food sector;
- \$2.3 million over five years to introduce immediate expensing for greenhouses.

These amounts are in addition to initiatives already in place as part of government strategies such as the 2030 Plan for a Green Economy and the Québec Water Strategy 2018-2030, as well as the direct financial assistance of \$30.0 million implemented on March 6, 2026, to support the competitiveness of agricultural businesses.

TABLE B.13

Financial impact of the measures to foster the development of the bio-food sector (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Increasing the competitiveness of the bio-food sector ⁽¹⁾	-20.0	-46.2	-28.9	—	—	-95.1
Introducing immediate expensing for greenhouses	-0.3	-0.5	-0.5	-0.5	-0.5	-2.3
TOTAL	-20.3	-46.7	-29.4	-0.5	-0.5	-97.4

(1) The appropriations will be granted to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

Increasing the competitiveness of the bio-food sector

The goals of the 2025-2035 bio-food policy are to develop a prosperous and sustainable sector, accelerate innovation, and increase food autonomy.

To ensure the sustainability of the sector and strengthen its contribution to the economy, the environment and public health, the government is providing \$95.1 million over three years in Budget 2026-2027.

These amounts will make it possible to continue funding programs and initiatives under the 2025-2035 bio-food policy, which is designed to increase the sector's productivity and competitiveness.

In addition, the government is working on developing an integrated approach that takes into account the health of humans, animals and ecosystems, and aimed at controlling antibiotic resistance in livestock.

❑ Introducing immediate expensing for greenhouses

To further support the productivity and competitiveness of the bio-food sector, in Budget 2026-2027, the government is announcing the introduction of immediate expensing for greenhouses.

- In line with what was announced by the federal government, this measure will apply to greenhouses acquired since November 4, 2025, and that become available for use before 2030.

This new immediate expensing will allow greenhouse businesses to deduct the entire cost of their investment starting in the first year, thereby promoting investment in food production.

- This represents \$2.3 million over five years to support investment by agricultural businesses, in addition to the financial assistance program to promote greenhouse development.

Temporary \$275-million holiday from contributions to the Health Services Fund to support sectors essential to regional vitality

Agriculture, forestry and fishing are important sectors for the economy of Québec's regions.

These sectors are currently facing significant challenges that are adversely affecting their competitiveness, such as the federal government's decision to abandon the carbon tax on fuels and the imposition of tariffs, in addition to being affected by the recent rise in the price of fuel.

In effect since January 1, 2026, the two-year temporary holiday from contributions to the Health Services Fund was introduced to provide swift support to employers in these sectors.

- It enables them to free up liquidity that is essential for their ongoing operations, and helps keep workers employed.

Businesses may be eligible for a partial or total holiday, depending on the proportion of their operations related to the following industries:

- crop and animal production, aquaculture and fishing;
- logging, sawmills and pulp mills.

This initiative represents a total of \$275 million in financial support for these sectors that are essential to the vitality of the regions, namely:

- \$146 million for the agricultural and fishing sectors;
- \$129 million for the forestry sector.

2.2 Supporting forestry businesses and communities

Forestry sector businesses are a significant driver of Québec's regional economy. However, the economic conditions surrounding this sector have deteriorated over the past year.

- The United States, the main trading partner, significantly raised its tariffs in the summer of 2025, with the forestry sector now being subject to tariffs of more than 45%.

Over the past year, the government has taken significant action to support businesses in the sector so that they can get through this difficult period, including:

- an immediate review of forestry tariffs in summer 2025 to reduce fibre costs in order to reflect the decline in the market value of wood following the increase in U.S. tariffs;
- a temporary holiday from contributions to the Health Services Fund for businesses in the sector in 2026 and 2027.

However, considerable uncertainty, particularly with regard to developments in the softwood lumber dispute and trade tensions, continues to affect Québec's forestry sector.

Against this backdrop, in Budget 2026-2027, the government is providing \$365.1 million over five years to support forestry businesses and communities, namely:

- \$164.5 million to support forestry businesses in response to the difficulties facing the sector;
- \$200.6 million to maintain the government's commitment to forestry communities.

TABLE B.14

Financial impact of the measures to support forestry businesses and communities (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting forestry businesses in response to the difficulties facing the sector	-79.1	-16.8	-21.4	-23.2	-24.0	-164.5
Maintaining the government's commitment to forestry communities	-149.7	-49.4	-0.5	-0.5	-0.5	-200.6
TOTAL	-228.8	-66.2	-21.9	-23.7	-24.5	-365.1

2.2.1 Supporting forestry businesses in response to the difficulties facing the sector

Businesses and workers in the forestry sector are facing difficulties stemming from the intensification of the softwood lumber dispute with the United States.

To support this sector, which is critical for several regions of Québec, the government is taking action on two fronts through:

- an additional reduction in the cost of fibre to improve the competitiveness of forestry businesses;
- a targeted intervention aimed at ensuring business continuity and the adaptation needed for the survival of businesses in the sector, in order to preserve jobs and economic activity in forestry communities.

In Budget 2026-2027, the government is therefore providing \$164.5 million to support forestry businesses in response to the difficulties facing the sector, namely:

- \$104.5 million over five years to eliminate the annual royalty to improve the competitiveness of the forestry sector by reducing the cost of fibre;
- \$60.0 million in 2026-2027 to support transformation activities in the forestry sector.

TABLE B.15

Financial impact of the measures to support forestry businesses in response to the difficulties facing the sector (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Eliminating the annual royalty to improve the competitiveness of the forestry sector ⁽¹⁾	-19.1	-16.8	-21.4	-23.2	-24.0	-104.5
Supporting transformation activities in the forestry sector ⁽²⁾	-60.0	—	—	—	—	-60.0
TOTAL	-79.1	-16.8	-21.4	-23.2	-24.0	-164.5

(1) The appropriations will be granted to the Ministère des Ressources naturelles et des Forêts. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(2) The amounts will be drawn from the available budgetary resources of the Ministère de l'Économie, de l'Innovation et de l'Énergie.

❑ **Eliminating the annual royalty to improve the competitiveness of the forestry sector**

In order to improve the business environment for businesses in the forestry sector, the government is planning various initiatives aimed at enhancing that environment and their competitiveness by further reducing the cost of fibre.

In this regard, in Budget 2026-2027, the government is providing \$104.5 million over five years to eliminate the annual royalty on supply guarantees, which will strengthen the competitiveness of Québec's forestry regime.

The elimination of the annual royalty will provide forestry businesses with additional liquidity to continue their operations and benefit from more competitive supply costs, particularly compared to Ontario.

Actions to improve the business environment in the forestry sector

In response to the significant difficulties facing the forestry sector, the government is taking swift action to support it and make it more resilient.

To support forestry businesses struggling to maintain their operations, the government intends to make changes to the forestry regime to improve the business environment, mainly by:

- adjusting the timber auction system;
- adjusting timber pricing to make it more dynamic and adapted to market realities;
- eliminating the annual royalty on supply guarantees.

These amendments are currently included in Bill 11, *An Act to amend various provisions for the main purpose of reducing regulatory and administrative burden*.

❑ **Supporting transformation activities in the forestry sector**

Due to economic difficulties caused by the imposition of U.S. tariffs, some forestry businesses are facing temporary liquidity issues.

To support forestry businesses during this difficult period, in Budget 2026-2027, the government is providing \$60.0 million in 2026-2027 for a working capital assistance program for wood processing businesses that will undertake investment projects to support their growth and adaptation.

Government support for wood processing businesses, particularly sawmills, which are an essential link for the forestry sector, will benefit all workers in the sector.

2.2.2 Maintaining the government's commitment to forestry communities

Despite the difficulties caused by the deterioration of economic conditions surrounding the forestry sector, the government intends to continue investing in public and private forests to support the communities and entrepreneurs involved in the sustainable management and the development of Québec's forests. These efforts also help ensure supply for the forestry industry.

To maintain its commitment to forestry entrepreneurs, communities and workers, in Budget 2026-2027, the government is providing \$200.6 million as follows:

- \$179.9 million over two years to maintain investments in silviculture work in public forests;
- \$16.0 million in 2027-2028 to continue efforts to combat the spruce budworm epidemic;
- \$1.7 million over four years to adapt forests to climate change by acquiring forest plant growth chambers, which will support forest development and the profitability of silviculture investments;
- \$3.0 million in 2026-2027 to increase the funding available in the exceptional program for the disposal of low-quality hardwood in the Outaouais and Laurentides regions.

TABLE B.16

Financial impact of the measures to maintain the government's commitment to forestry communities

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Maintaining investments in silviculture work in public forests	-146.7	-33.2	—	—	—	-179.9
Continuing efforts to combat the spruce budworm epidemic	—	-16.0	—	—	—	-16.0
Adapting forests to climate change ⁽¹⁾	—	-0.2	-0.5	-0.5	-0.5	-1.7
Increasing the funding available in the exceptional program for the disposal of low-quality hardwood in the Outaouais and Laurentides regions	-3.0	—	—	—	—	-3.0
TOTAL	-149.7	-49.4	-0.5	-0.5	-0.5	-200.6

Notes: The appropriations will be granted to the Ministère des Ressources naturelles et des Forêts.

The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(1) Investments of \$4.5 million are provided in the 2026-2036 Québec Infrastructure Plan.

Nearly \$2.2 billion to support the forestry sector since 2023

Since 2023, the government has announced more than \$1.8 billion in support for the forestry sector, namely:

- \$128.0 million in Budget 2023-2024, in particular to increase investment in silviculture work;
- \$469.0 million in the fall 2023 update, including initiatives implemented in response to the exceptional forest fires of summer 2023;
- \$527.5 million in Budget 2024-2025, in particular to increase silviculture investments in public and private forests;
- \$455.0 million in the fall 2024 update, in particular to invest in reforestation efforts, including a \$220.0-million contribution from the federal government;
- \$94.7 million in Budget 2025-2026, in particular to diversify the forest products industry and foster innovation;
- \$130.4 million in the fall 2025 update, in particular to offer a temporary holiday from contributions to the Health Services Fund in 2026 and 2027.

Taking into account the \$365.1 million provided in Budget 2026-2027, government support for the forestry sector will total nearly \$2.2 billion since 2023.

3. SUPPORTING THE GROWTH OF OUR CULTURAL SECTOR

Artists and the creation of original works are central to Québec's identity and contribute to our international standing, while our cultural businesses participate fully in Québec's economic development.

To support the growth of our cultural sector, in Budget 2026-2027, the government is announcing initiatives totalling \$429.1 million, namely:

- \$280.4 million over five years to address challenges in the audiovisual sector;
- \$75.4 million over five years to ensure the sustainability of Québec's media ecosystem;
- \$73.3 million over three years to promote Québec cultural content.

TABLE B.17

Financial impact of the measures to support the growth of our cultural sector (millions of dollars)

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Addressing challenges in the audiovisual sector	-51.5	-52.9	-60.2	-58.1	-57.7	-280.4
Ensuring the sustainability of Québec's media ecosystem	-9.0	-15.8	-22.7	-14.4	-13.5	-75.4
Promoting Québec cultural content	-23.5	-23.5	-26.3	—	—	-73.3
TOTAL	-84.0	-92.2	-109.2	-72.5	-71.2	-429.1

A significant increase in funding allocated to the Conseil des arts et des lettres du Québec

The Conseil des arts et des lettres du Québec (CALQ) has the mandate to support the creation, experimentation, production and promotion of the arts and literature, in addition to supporting the development of professional artisans.

- The cultural sector has benefited from significant, tailored government support to meet its needs.

To support artists and bodies assisted by the CALQ, significant funding has been allocated to it in recent years, particularly in Budget 2025-2026, in which its funding was increased by \$318 million over five years.

3.1 Addressing challenges in the audiovisual sector

The government recognizes the importance of the audiovisual industry for the Québec economy and culture, as well as the challenges it is currently facing, particularly in relation to production funding and content marketing.

— Today, audiovisual content consumption is fragmented and dominated by global platforms, which reduces the place of Québec works in viewing habits, particularly among young people.

Québec's audiovisual sector must adapt to new digital uses and make local production a driver of original creation by placing audiences at the heart of cultural development.

To address challenges in Québec's audiovisual sector and ensure its sustainability, in Budget 2026-2027, the government is providing \$280.4 million over five years, namely:

- \$268.2 million to provide financial support to Québec's audiovisual industry;
- \$12.2 million to adjust the tax credit for Québec film and television production to reflect the new realities in broadcasting and viewing.

These initiatives are the first actions taken by the government to follow up on the recommendations of the working group on the future of Québec's audiovisual industry (GTAAQ), whose mandate was to propose concrete actions to ensure the sector's growth and influence.

TABLE B.18

Financial impact of the measures to address challenges in the audiovisual sector (millions of dollars)

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Providing financial support to Québec's audiovisual industry ⁽¹⁾	-51.1	-51.0	-57.0	-54.8	-54.3	-268.2
Adjusting the tax credit for Québec film and television production	-0.4	-1.9	-3.2	-3.3	-3.4	-12.2
TOTAL	-51.5	-52.9	-60.2	-58.1	-57.7	-280.4

(1) The appropriations will be granted to the Ministère de la Culture et des Communications. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

3.1.1 Providing financial support to Québec's audiovisual industry

In a context of rapid change in audiovisual content creation, production and broadcasting models, in Budget 2026-2027, the government is allocating \$268.2 million over five years so that Québec's audiovisual industry can regain momentum toward growth and prosperity, namely:

- \$176.4 million for the Société de développement des entreprises culturelles (SODEC) to renew and increase its support for the audiovisual sector and to encourage the production of larger-scale original content with export potential;
- \$87.5 million to enhance Télé-Québec's programming schedule by offering more original content and to modernize its digital platform;
- \$4.3 million to support TV5 Québec Canada's mission and promote Québec audiovisual content.

The details will be unveiled by the Minister of Culture and Communications at a later date.

Recommendations of the working group on the future of Québec's audiovisual industry

Created at the request of the Minister of Culture and Communications, the working group on the future of Québec's audiovisual industry (GTAAQ) made public, in September 2025, its findings and recommendations.

- The objective of the GTAAQ was to propose concrete actions to ensure the sustainability, continued quality and influence of audiovisual productions in Québec by capitalizing on the specificity of Québec's audiovisual ecosystem.

In summary, the GTAAQ report made recommendations to stimulate and structure Québec's audiovisual industry, which are primarily aimed at:

- strengthening the role of existing institutions, including the Société de développement des entreprises culturelles, Télé-Québec and the Conseil des arts et des lettres du Québec;
- encouraging the development of digital literacy and encouraging young people to take an interest in Québec audiovisual content;
- promoting the influence of Québec cultural works, both nationally and internationally, as well as their discoverability in the digital realm;
- adapting methods for supporting production in order to enhance the supply of high-quality Québec audiovisual content.

3.1.2 Adjusting the tax credit for Québec film and television production

The tax credit for Québec film and television production represents significant support for independent producers, who create content that showcases Québec culture.

— However, the emergence of digital platforms, streaming, and on-demand consumption now requires formats that are more flexible and better suited to new digital uses.

In this context, the government is providing easing totalling \$12.2 million over five years to adjust the tax credit to reflect new viewing habits on all types of screens.

- An audiovisual production will thus no longer be required to meet a minimum number of minutes of content or episodes to be eligible.
 - For example, a documentary must currently have a minimum duration of 20 minutes of audiovisual content, and a magazine-style program must have a production cycle of at least seven episodes.

In addition, to promote the presence of Indigenous stories in Québec's audiovisual landscape, an amendment will be made so that financial assistance from the Indigenous Screen Office will no longer reduce the expenses eligible for this tax credit.

Toward a simplified tax assistance system for the audiovisual industry refocused on Québec creators

The government is announcing a study aimed at reviewing the tax assistance system for the audiovisual industry to refocus it on Québec producers, simplify it and align it with industry practices.

Work concerning the tax assistance system will be led by the Ministère des Finances, in collaboration with the Ministère de la Culture et des Communications, key government cultural partners and stakeholders in the field.

- They will focus exclusively on supporting film and television production, both local and foreign, and will not address assistance to the visual effects and animation sector.

The conclusions of the work are expected to be presented in Budget 2027-2028.

3.2 Ensuring the sustainability of Québec's media ecosystem

All of media that produce information of general interest are weakened by the advent of new technologies, falling advertising revenue, and changes in the way people obtain information.

It is anticipated that advertising revenue for these Québec media, which represents one of their main sources of income, will continue to erode in favour of digital platforms.

To foster the sustainability of Québec's media ecosystem while responding to the new realities in terms of information production, in Budget 2026-2027, the government is planning initiatives totalling \$75.4 million over five years, namely:

- \$40.2 million to implement the tax credit for Québec news media;
- \$35.2 million to promote the dissemination of information of general interest in a digital environment.

TABLE B.19

Financial impact of the measures to ensure the sustainability of Québec's media ecosystem (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Implementing the tax credit for Québec news media	-1.0	-5.2	-10.2	-11.8	-12.0	-40.2
Promoting the dissemination of information of general interest in a digital environment	-8.0	-10.6	-12.5	-2.6	-1.5	-35.2
TOTAL	-9.0	-15.8	-22.7	-14.4	-13.5	-75.4

3.2.1 Implementing the tax credit for Québec news media

Print media businesses have been affected more quickly than other news media by the challenges and financial difficulties surrounding the transformation of their business model in the new digital environment.

- Today, these issues affect all media that produce information of public interest, whether they are private general-interest television, commercial radio or news agencies.

In Budget 2026-2027, the government is providing \$40.2 million over five years to implement the refundable tax credit for Québec news media (CMIQ) to support businesses that produce original news content of general interest to Quebecers.

- This amount will be added to the amounts already provided for the tax credit to support the print media, which will be replaced by the CMIQ.

Broadening of the assistance to various news media

In order to recognize the contribution of various media to general interest news coverage, the new tax credit will support the production and presentation of original news content by the following news media:

- print media;
- private general-interest television;
- commercial radio;
- news agencies.

To be eligible for the tax credit, a business must operate a media that, in particular, produces original content focusing on general interest news.

- For television and radio, only activities related to a news bulletin or information segment will be eligible.
- Activities related to broadcasts whose sole purpose is to comment on current events will not be eligible.

This broadening will make approximately 30 new additional news media eligible for the tax credit, representing approximately 600 eligible jobs at television and radio broadcasting businesses, as well as at news agencies.

❑ Refocusing tax assistance for journalistic activities

The tax credit will be refocused on its primary mission, which is the production of original news content of general interest.

In addition to being broadened to other Québec news media, the tax assistance will be modified to focus on journalism activities, through:

- the ineligibility of activities related to IT operations;
- the increase in the annual salary cap per job from \$75 000 to \$85 000 to reflect rising labour costs.

Thus, the tax credit will provide financial assistance equivalent to 35% of the wages paid to employees working in the production and presentation of original news content of general interest, subject to the annual salary cap of \$85 000 per employee.

TABLE B.20

Parameters of the tax credit for Québec news media

Eligible corporation	Corporation ⁽¹⁾ operating an eligible news media
Eligible news media	News media, including a news agency, that must produce original news content covering general interest news ⁽²⁾ and which, in the case of: <ul style="list-style-type: none"> – a print media, must be produced and disseminated on a daily or periodic basis⁽³⁾ by means of a printed publication, a news website, or a mobile application dedicated to news – a radio or television media, must be produced and disseminated on a daily or periodic basis⁽³⁾ as part of a news bulletin or information segment
Eligible activities	Production and presentation of original news content of general interest ⁽⁴⁾
Eligible expenses	Salaries paid to full-time employees who spend at least 75% of their time on eligible activities
Assistance level	35% of eligible expenses, subject to a salary cap of \$85 000 per employee annually
Administration	A corporation must obtain a certificate from Investissement Québec for the media as well as a certificate for each eligible employee

(1) A corporation must have its own news team, made up of journalists responsible for producing original news content of general interest. In the case of a radio or television media, the corporation must hold a licence to carry on a broadcasting undertaking.

(2) News content of general interest means news that covers at least three of the following current event topics: politics, municipal affairs, international affairs, business and economy, culture, local news and general news. In addition, content from third parties or advertising, promotional or thematic content (such as sports, cooking, decor or science) is not eligible.

(3) A periodic medium must be produced at least 10 times per year to be eligible.

(4) The production of such content includes research, information gathering, fact checking, image capture (photo or video), sound recording, writing, review, design, editing, post-production, presentation of a news bulletin or information segment, and any other activity related to content preparation or presentation.

3.2.2 Promoting the dissemination of information of general interest in a digital environment

News media continue to face many challenges since the advent of new technologies and changes in the way people obtain information.

To promote the dissemination of information of general interest in a digital environment, in Budget 2026-2027, the government is providing \$35.2 million, namely:

- \$25.7 million over three years to strengthen support for the digital adaptation of the news media sector and ensure support for the operation of community media;
- \$9.5 million over five years to extend the tax credit to support the digital transformation of print media businesses.

These initiatives will help promote high-quality news journalism, which is essential to democratic vitality and regional development.

TABLE B.21

Financial impact of the measures to promote the dissemination of information of general interest in a digital environment (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Strengthening support for the digital adaptation of the news media sector ⁽¹⁾	-7.9	-8.9	-8.9	—	—	-25.7
Extending the tax credit to support the digital transformation of print media businesses	-0.1	-1.7	-3.6	-2.6	-1.5	-9.5
TOTAL	-8.0	-10.6	-12.5	-2.6	-1.5	-35.2

(1) The appropriations will be granted to the Ministère de la Culture et des Communications. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

❑ Extending the tax credit to support the digital transformation of print media businesses

Since 2018, the government has been offering a tax credit to support the digital transformation of print media businesses, thereby supporting 35% of certain costs related to the digital conversion of print media.

— When it was introduced, it provided the necessary impetus for the digital transformation of print media, with the integration of technological solutions into their business model, whereas their spending is now focused more on maintaining and developing these solutions.

With a view to simplifying government support for the digital adaptation of news media while ensuring a degree of predictability for print media, in Budget 2026-2027, the government is planning a three-year extension of the tax credit, whose rate will be gradually reduced by December 31, 2028.

— Therefore, the tax credit rate, which is currently 35%, will be reduced to 20% in 2027 and 10% in 2028.

This additional support of \$9.5 million over five years for print media will provide the transition period they need to complete their digital transformation projects that are already underway or in the process of being completed.

TABLE B.22

Parameters of the tax credit to support the digital transformation of print media businesses

Eligible corporation⁽¹⁾	A corporation operating a media that produces and disseminates original daily or periodic written content covering general interest news			
Eligible activities	Development or integration of digital technologies or tools for adapting the media's digital offering			
Eligible expenses	The following digital conversion costs, up to a maximum of \$20 million per year: <ul style="list-style-type: none"> – salaries paid to full-time employees who spend at least 75% of their time on eligible digital conversion activities – 80% of the cost of an eligible digital conversion contract for the hiring of a consultant or the acquisition (or leasing) of equipment or technology 			
Tax credit rate		2026	2027	2028
	Refundable tax credit	35%	20%	10%
Duration of assistance	From March 28, 2018 to December 31, 2028			

(1) To be eligible, a corporation must have its own editorial team in Québec, made up of journalists responsible for producing original written news content, and must not be the holder of a broadcasting licence.

3.3 Promoting Québec cultural content

To support the growth of our cultural businesses, the government wishes to promote their development and the valorization of Québec's cultural intellectual property.

To promote Québec cultural content, in Budget 2026-2027, the government is providing \$73.3 million over three years, namely:

- \$63.0 million to increase the funding available to SODEC, which will enable initiatives to be maintained in cultural fields other than audiovisual;
 - SODEC is particularly active in the fields of books and publishing, music and live performances, arts and crafts, the art market and digital creativity.
- \$6.0 million to continue to support the Vitrine culturelle;
- \$1.5 million to support the mission of Culture pour tous;
- \$2.8 million to maintain funding for the operational assistance program for arts training bodies (PAFOFA).

The increase in funding available to SODEC will enable it to provide assistance programs to meet the needs of cultural businesses in various fields of activity.

TABLE B.23

Financial impact of the measures to promote Québec cultural content (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Increasing the funding available to SODEC	-21.0	-21.0	-21.0	—	—	-63.0
Continuing to support the Vitrine culturelle	-2.0	-2.0	-2.0	—	—	-6.0
Supporting the mission of Culture pour tous	-0.5	-0.5	-0.5	—	—	-1.5
Maintaining funding for PAFOFA	—	—	-2.8	—	—	-2.8
TOTAL	-23.5	-23.5	-26.3	—	—	-73.3

Notes: The appropriations will be granted to the Ministère de la Culture et des Communications.
The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

FINANCIAL IMPACT

TABLE B.24

Financial impact of the measures to accelerate Québec's economic transformation (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting businesses in adapting to the new economic climate						
Promoting the implementation of investment projects in promising sectors						
– Boosting business productivity by increasing the funds available in the ESSOR program	—	-30.0	-30.0	-25.0	-20.0	-105.0
– Continuing to support priority projects through the Economic Development Fund	-50.0	-50.0	-100.0	-55.0	-15.0	-270.0
– An additional \$1 billion to make Québec a leader in the production and processing of critical and strategic minerals	—	—	—	—	—	—
– An additional \$1 billion to promote Québec ownership of strategic businesses	—	—	—	—	—	—
– \$500 million to encourage the financial participation of Indigenous communities in economic projects	—	—	—	—	—	—
– Ensuring the administration of the new process proposed by Bill 5	-1.0	-1.0	-1.0	-1.0	-1.0	-5.0
– Supporting the BAPE in its new responsibilities	-1.3	-1.4	-1.4	-1.4	-1.4	-6.9
– Supporting the maintenance of and improvement in the condition of rail transportation and modal integration infrastructure	-14.0	—	—	—	—	-14.0
– Conducting studies on the development of industrial land to promote the implementation of new projects	—	-1.5	-1.5	-1.5	—	-4.5
– Further supporting the participation of Indigenous communities in environmental consultations	-2.3	-2.4	—	—	—	-4.7
Subtotal – Promoting the implementation of investment projects in promising sectors	-68.6	-86.3	-133.9	-83.9	-37.4	-410.1

TABLE B.24

Financial impact of the measures to accelerate Québec's economic transformation (cont.)

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting businesses in adapting to the new economic climate (cont.)						
Improving Québec's economic competitiveness through innovation						
– Ensuring the funding of the innovation ecosystem	—	-90.5	—	—	—	-90.5
– Supporting the mission of the Fonds de recherche du Québec	-10.0	-10.0	—	—	—	-20.0
– Enabling the Institut de la statistique du Québec to continue developing access to data for research purposes	-3.4	-3.6	-3.6	-3.6	-3.6	-17.8
– Further leveraging public research	-3.5	-9.5	-4.0	—	—	-17.0
– Strengthening digital sovereignty through greater pooling of digital solutions	—	-9.2	-12.3	-10.1	-10.8	-42.4
– Continuing the development of innovation zones in Québec	-2.9	-15.9	-19.0	-8.0	—	-45.8
– Encouraging the adoption of AI and quantum technologies	-5.0	-14.5	-5.0	—	—	-24.5
– Creating a new joint research unit in quantum photonics	-0.6	-0.6	-0.6	-0.6	-0.6	-3.0
– Supporting the establishment of the innovative construction district	-6.0	-6.0	-1.0	-1.0	-1.0	-15.0
– Continuing to improve productivity in the construction sector	-3.0	-4.0	—	—	—	-7.0
Subtotal – Improving Québec's economic competitiveness through innovation	-34.4	-163.8	-45.5	-23.3	-16.0	-283.0
Subtotal – Supporting businesses in adapting to the new economic climate	-103.0	-250.1	-179.4	-107.2	-53.4	-693.1

TABLE B.24

Financial impact of the measures to accelerate Québec's economic transformation (cont.)

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Taking action to benefit SMBs in all regions						
Strengthening the key assets of our regions						
– Enhancing funding for the economic development program to help revitalize territories	-5.0	-10.0	-5.0	—	—	-20.0
– Increasing the amounts available in local investment funds	-1.8	-1.8	-1.8	—	—	-5.4
– Continuing the funding of the organization Les Produits du Québec	-1.5	-3.0	—	—	—	-4.5
– Maintaining support for Québec's niches of excellence	-2.0	-2.0	-2.0	—	—	-6.0
– Supporting the funding of industrial clusters	-0.8	-0.8	-0.8	-0.8	-0.8	-4.0
– Increasing investment in our tourist attractions	-6.0	-15.0	-5.0	—	—	-26.0
– Renewing agreements with regional tourism associations	-10.7	-11.2	—	—	—	-21.9
– Promoting Québec as a tourist destination	-7.2	—	—	—	—	-7.2
– Supporting innovation in tourism	-2.0	-2.0	—	—	—	-4.0
– Making tourism more accessible to all	-0.4	-0.4	-0.2	—	—	-1.0
– Strengthening workforce initiatives	-0.8	—	—	—	—	-0.8
– Renewing the support program for international sporting events	-6.0	-6.0	-6.0	—	—	-18.0
– Increasing the competitiveness of the bio-food sector	-20.0	-46.2	-28.9	—	—	-95.1
– Introducing immediate expensing for greenhouses	-0.3	-0.5	-0.5	-0.5	-0.5	-2.3
Subtotal – Strengthening the key assets of our regions	-64.5	-98.9	-50.2	-1.3	-1.3	-216.2

TABLE B.24

Financial impact of the measures to accelerate Québec's economic transformation (cont.)

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Taking action to benefit SMBs in all regions (cont.)						
Supporting forestry businesses and communities						
– Eliminating the annual royalty to improve the competitiveness of the forestry sector	-19.1	-16.8	-21.4	-23.2	-24.0	-104.5
– Establishing a working capital assistance program for wood processing businesses	-60.0	—	—	—	—	-60.0
– Maintaining investments in silviculture work in public forests	-146.7	-33.2	—	—	—	-179.9
– Continuing efforts to combat the spruce budworm epidemic	—	-16.0	—	—	—	-16.0
– Adapting forests to climate change	—	-0.2	-0.5	-0.5	-0.5	-1.7
– Increasing the funding available in the exceptional program for the disposal of low-quality hardwood in the Outaouais and Laurentides regions	-3.0	—	—	—	—	-3.0
Subtotal – Supporting forestry businesses and communities	-228.8	-66.2	-21.9	-23.7	-24.5	-365.1
Subtotal – Taking action to benefit SMBs in all regions	-293.3	-165.1	-72.1	-25.0	-25.8	-581.3
Supporting the growth of our cultural sector						
Addressing challenges in the audiovisual sector						
– Providing financial support to Québec's audiovisual industry	-51.1	-51.0	-57.0	-54.8	-54.3	-268.2
– Adjusting the tax credit for Québec film and television production	-0.4	-1.9	-3.2	-3.3	-3.4	-12.2
Subtotal – Addressing challenges in the audiovisual sector	-51.5	-52.9	-60.2	-58.1	-57.7	-280.4

TABLE B.24

Financial impact of the measures to accelerate Québec's economic transformation (cont.)

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting the growth of our cultural sector (cont.)						
Ensuring the sustainability of Québec's media ecosystem						
– Implementing the tax credit for Québec news media	-1.0	-5.2	-10.2	-11.8	-12.0	-40.2
– Strengthening support for the digital adaptation of the news media sector	-7.9	-8.9	-8.9	—	—	-25.7
– Extending the tax credit to support the digital transformation of print media businesses	-0.1	-1.7	-3.6	-2.6	-1.5	-9.5
Subtotal – Ensuring the sustainability of Québec's media ecosystem	-9.0	-15.8	-22.7	-14.4	-13.5	-75.4
Promoting Québec cultural content						
– Increasing the funding available to SODEC	-21.0	-21.0	-21.0	—	—	-63.0
– Continuing to support the Vitrine culturelle	-2.0	-2.0	-2.0	—	—	-6.0
– Supporting the mission of Culture pour tous	-0.5	-0.5	-0.5	—	—	-1.5
– Maintaining funding for PAFOFA	—	—	-2.8	—	—	-2.8
Subtotal – Promoting Québec cultural content	-23.5	-23.5	-26.3	—	—	-73.3
Subtotal – Supporting the growth of our cultural sector	-84.0	-92.2	-109.2	-72.5	-71.2	-429.1
TOTAL	-480.3	-507.4	-360.7	-204.7	-150.4	-1 703.5

Section C

SUPPORTING THE GOVERNMENT’S MAIN MISSIONS

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SUMMARY

In recent years, the government has invested in supporting the state's main missions, foremost among which are the provision of health care and social services, education and higher education, and public safety and justice.

Indeed, expenditures in the Santé et Services sociaux portfolio rose from \$41.8 billion in 2018-2019 to \$66.0 billion in 2025-2026.

— During this period, health and social services expenditures increased by an average of 6.8% per year.

The expenditures in the Éducation and Enseignement supérieur portfolios increased from \$14.9 billion to \$23.5 billion and from \$7.9 billion to \$11.3 billion, respectively, over the same period.

— With this growth, expenditures in education and higher education increased by an average of 6.7% and 5.3% per year during this period.

The Sécurité publique and Justice portfolio expenditures increased from \$2.1 billion to \$3.0 billion and from \$1.1 billion to \$2.0 billion, respectively.

— Consequently, public safety and justice expenditures increased by an average of 5.2% and 8.8% per year during this period.

TABLE C.1

Changes in portfolio expenditures for the government's main missions (billions of dollars, unless otherwise indicated)

	2018-2019 ⁽¹⁾	2025-2026 ^P	AAGR ⁽²⁾
Santé et Services sociaux ⁽³⁾	-41.8	-66.0	6.8%
Éducation	-14.9	-23.5	6.7%
Enseignement supérieur	-7.9	-11.3	5.3%
Sécurité publique	-2.1	-3.0	5.2%
Justice	-1.1	-2.0	8.8%

P: Projection of expenditures presented in Budget 2026-2027.

(1) The expenditures are taken from the "Budgetary Statistics" of Budget 2026-2027 for the Santé et Services sociaux, Éducation and Enseignement supérieur portfolios, and Volume 1 of *Public Accounts 2018-2019* for the Sécurité publique and Justice portfolios.

(2) Average annual growth rate, corresponding to the geometric mean calculated over seven years, from 2019-2020 to 2025-2026.

(3) The average growth rate for 2025-2026 includes the exceptional growth in 2020-2021 related to the COVID-19 pandemic.

For the same period, portfolio expenditures grew by 7.0% per year on average, outpacing inflation and population growth, which averaged 3.3% and 1.1% per year, respectively.

These significant investments in portfolios provide the basic funding needed to meet the growing needs of the population, improve the accessibility and quality of services offered to citizens, ensure the continuation of essential programs, and thus support the sustainability of public services.

In addition, Budget 2026-2027 allocates nearly \$4.3 billion over five years to support the government’s main missions:¹

- \$2 168.5 million to improve access to health care and social services;
- \$639.0 million to support educational success;
- \$391.9 million to support higher education training, labour market integration and research;
- \$1 076.0 million to strengthen Quebecers’ safety and access to legal services.

TABLE C.2

Financial impact of the measures to support the government’s main missions
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Facilitating access to health care and social services	-397.6	-447.2	-447.5	-437.9	-438.3	-2 168.5
Supporting educational success	-164.7	-135.3	-113.0	-113.0	-113.0	-639.0
Supporting higher education training, labour market integration and research	-108.3	-108.4	-78.1	-50.4	-46.7	-391.9
Strengthening Quebecers’ safety and access to legal services	-239.4	-237.4	-212.4	-193.4	-193.4	-1 076.0
TOTAL	-910.0	-928.3	-851.0	-794.7	-791.4	-4 275.4

¹ The measures announced in Budget 2026-2027 for the Santé et Services sociaux, Éducation, Enseignement supérieur, Sécurité publique and Justice portfolios total more than \$5.2 billion over five years, including those presented in Section B, “Accelerating Québec’s Economic Transformation” and Section D, “Supporting Quebecers and Communities with Targeted Action.”

❑ Infrastructure funding

This funding for the government's main missions is part of a broader plan to contribute to the delivery of public services, which also includes investments in infrastructure.

In this regard, investments of \$167.0 billion over 10 years,² spread across all regions of Québec, will enable the government to continue its efforts to maintain and enhance the infrastructure required to provide services to the population. In particular, they will enable:

- building, renovating and expanding hospitals, building seniors' homes as well as replacing medical equipment;
- renovating schools and adding classrooms;
- maintaining the university and college network infrastructure;
- building and renovating social and affordable housing;
- keeping the road network in good condition and further developing it;
- developing core public transit networks and refurbishing existing networks;
- continuing with the digital transformation of public bodies.

² The 2026-2036 Québec Infrastructure Plan published by the Secrétariat du Conseil du trésor provides detailed information on planned investments.

Risk management in 2026-2027

The government plans to take a prudent approach to the financial framework in order to preserve sound and responsible public finances. However, growth in portfolio expenditures poses risks when it comes to maintaining services in the government's main missions.

To address these risks, \$500 million has been set aside for certain portfolios, to be used, with Conseil du trésor approval, to finance additional costs that may arise during the year.

Should these funds be required, the government will draw on the contingency reserve already included in the financial framework, which stands at \$2 billion in 2026-2027.

This prudent approach allows both to:

- provide for voted appropriations to certain portfolios without affecting the initially planned level of expenditures;
- protect against a deterioration of the budgetary balance in the event that these funds need to be used.

Santé et Services sociaux

As part of its mandate to make the health and social services network more efficient, Santé Québec is exposed to various financial and operational risks arising from unforeseen operating expenditures, particularly in relation to changes in clinical demand. However, the government is taking steps to avoid compromising the accessibility of services offered to the public.

To that end, \$350 million is earmarked for the Santé et Services sociaux portfolio in this budget.

Enseignement supérieur

Institutions of higher education are facing a significant increase in their clientele. If this increase were to be higher than anticipated, \$100 million is being set aside for the Enseignement supérieur portfolio to meet the potential needs of the student financial assistance program or of the educational institutions.

Sécurité publique

The government's mission obligations related to public safety may give rise to additional requirements to respond to specific situations or circumstances and entail higher-than-expected expenditures.

Accordingly, \$50 million is earmarked for the Ministère de la Sécurité publique, in addition to the budgetary measures announced in this budget.

1. FACILITATING ACCESS TO HEALTH CARE AND SOCIAL SERVICES

In recent years, major investments have been made to support the health care and social services offering and to improve the accessibility of these services for the population.

From 2018-2019 to 2025-2026, more than \$24.2 billion in additional funding has been allocated to the Santé et Services sociaux portfolio.

The funds allocated were necessary to address, in particular, the aging population, rising labour costs and an increased demand for specialized services. This led to, among other things, shorter wait lists, improved working conditions for personnel and the modernization of infrastructure.

In Budget 2026-2027, the government is providing an additional \$2 168.5 million over five years to facilitate access to health care and social services,³ as follows:

- \$2 032.5 million to strengthen health care and social services;
- \$136.0 million to support caregivers and seniors in private seniors' residences.

TABLE C.3

Financial impact of the measures to facilitate access to health care and social services

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Strengthening health care and social services	-397.6	-413.2	-413.5	-403.9	-404.3	-2 032.5
Supporting caregivers and seniors in private seniors' residences	—	-34.0	-34.0	-34.0	-34.0	-136.0
TOTAL	-397.6	-447.2	-447.5	-437.9	-438.3	-2 168.5

³ The measures announced in Budget 2026-2027 for the Santé et Services sociaux portfolio total more than \$2.5 billion over five years, including the social services measures presented in Section D, "Supporting Quebecers and Communities with Targeted Action."

Health and social services initiatives since 2019-2020

The government has made significant efforts in the Santé et Services sociaux portfolio to allow it to provide care and services tailored to the needs of the population and to restructure its operations to better respond to the population's current and future challenges.

In particular, the amounts invested have supported:¹

- deploying family medicine groups for nearly 7.3 million people;
- increasing the number of employees in the network, which rose from 281 000 workers in 2018-2019 to 345 000 workers in 2025-2026;
- providing digital access to the Primary Care Access Point, which was previously only available by telephone;
- opening 18 specialized nurse practitioner clinics;
- expanding the supply of short-term training programs for patient-care attendants (CHSLD, home-support services, etc.);
- increasing the annual offer of home-support services, which rose from 19.5 million hours as at March 31, 2019, to 34.7 million hours as at March 31, 2026.

Thus, over the same period, an increase in expenditures is observed for all programs in the Santé et Services sociaux portfolio, including:²

- 136% for public health;
- 44% for intellectual disabilities and autism spectrum disorder;
- 91% for young people in difficulty;
- 71% for addictions;
- 55% for mental health;
- 263% for health-related refundable tax credits for Quebecers;
- 82% for community organizations that help the most vulnerable individuals.

1 The figures presented for 2025-2026 are projections.

2 This refers to the growth between the expenditure presented in the *Public Accounts 2018-2019* and the probable expenditure for 2025-2026 presented in Expenditure Budget 2026-2027.

Sources: Ministère de la Santé et des Services sociaux and Secrétariat du Conseil du trésor.

1.1 Strengthening health care and social services

The government is setting aside an additional amount of \$2 032.5 million over five years in Budget 2026-2027 to strengthen health care and social services, namely:

- \$811.5 million to consolidate the provision of care and services within the public health and social services network;
- \$756.2 million to support access to medications;
- \$200.0 million to continue efforts to shorten surgical wait lists;
- \$164.8 million to strengthen access to front-line services;
- \$100.0 million to implement actions arising from the national health prevention strategy.

TABLE C.4

Financial impact of the measures to strengthen health care and social services

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Consolidating the provision of care and services within the public health and social services network	-162.3	-162.3	-162.3	-162.3	-162.3	-811.5
Supporting access to medications	-150.5	-150.9	-151.2	-151.6	-152.0	-756.2
Continuing efforts to shorten surgical wait lists	-40.0	-40.0	-40.0	-40.0	-40.0	-200.0
Strengthening access to front-line services	-24.8	-40.0	-40.0	-30.0	-30.0	-164.8
Implementing actions arising from the national health prevention strategy	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
TOTAL	-397.6	-413.2	-413.5	-403.9	-404.3	-2 032.5

Note: The appropriations will be granted to the Ministère de la Santé et des Services sociaux. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

❑ **Consolidating the provision of care and services within the public health and social services network**

Demographic changes driven by population growth and an aging population are placing significant pressure on the health and social services network.

In this context of high demand, delivering care and services generates operating and clinical costs that must be funded to meet the needs of the population.

Accordingly, the government is providing additional financial support to maintain and consolidate the provision of care and social services in the public network. With these resources, Santé Québec will stabilize operations and implement targeted measures to optimize work organization and improve clinical performance.

The goal is to improve the fluidity of pathways for care and services, to prevent avoidable hospitalizations and to ensure a more efficient use of network resources.

In Budget 2026-2027, the government is therefore allocating \$811.5 million over five years to consolidate the provision of care and services within the public health and social services network.

❑ **Supporting access to medications**

Medications are essential in therapeutic approaches aimed at improving patient health, quality of life, and sometimes survival, as is the case with the use of antineoplastic drugs in cancer treatment. In this regard, the government announced \$1.5 billion in Budget 2025-2026 for pharmaceutical treatments in health care institutions.

Québec is also a pioneer in providing access to medications, owing in particular to its Basic Prescription Drug Insurance Plan, which is unique in North America and covers the entire Québec population.

In Budget 2026-2027, the government is announcing \$756.2 million over five years to support access to medications:

- \$663.5 million to consolidate funding for treatments provided in health care institutions;
- \$92.7 million to fulfil the commitments announced in the Québec Life Sciences Strategy 2025-2028 and efforts to expedite new drug listings.

Québec Life Sciences Strategy 2025-2028

In the Québec Life Sciences Strategy 2025-2028, launched in December 2025, the government committed to:

- actively participating in a new expedited negotiation process for drug pricing, along with the pan-Canadian Pharmaceutical Alliance, in order to provide faster access to new drugs used in cancer treatment;
- increasing the number of updates made to the lists of medications administered in health and social services network facilities and those covered by the Basic Prescription Drug Insurance Plan.

Continuing efforts to shorten surgical wait lists

In order to continue reorganizing and optimizing surgical operations, the government allocated significant funds aimed at shortening surgical wait lists.

Since September 2022, these funds have reduced by 80% the number of people waiting for surgery for over a year.

To continue efforts to shorten surgical wait lists, the government is allocating \$200.0 million over five years in Budget 2026-2027.

❑ Strengthening access to front-line services

The government aims to strengthen access to front-line care and services, thus improving pathways for care and services to meet the needs of Quebecers.

As part of the implementation of the government policy on the organization of front-line services, which will be announced shortly, the government will strengthen interdisciplinarity in health and social services in Québec with a collaborative approach that integrates knowledge and expertise from several disciplines (medical, social, etc.) and promotes cooperation, complementary roles and innovation in interventions.

To that end, in Budget 2026-2027, the government is allocating \$164.8 million, as follows:

- \$90.0 million over five years to provide more services to the public through pharmacists;
- \$44.8 million over five years to implement the new remuneration model for general practitioners by adapting the management processes of the Régie de l'assurance maladie du Québec, to ensure efficient management of registrations related to dynamic patient management;
- \$30.0 million over three years to support the coordination of government actions for front-line care and services.

TABLE C.5

Financial impact of the measures to strengthen access to front-line services (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Providing more services to the public through pharmacists	-10.0	-20.0	-20.0	-20.0	-20.0	-90.0
Implementing the new remuneration model for general practitioners	-4.8	-10.0	-10.0	-10.0	-10.0	-44.8
Supporting the coordination of government actions for front-line care and services	-10.0	-10.0	-10.0	—	—	-30.0
TOTAL	-24.8	-40.0	-40.0	-30.0	-30.0	-164.8

❑ **Implementing actions arising from the national health prevention strategy**

Québec has been facing an aging of its population for a number of years. This situation puts increased pressure on the public health and social services network and exacerbates the imbalance between the needs and capacity of the system.

Prevention initiatives aim to improve the quality of life of Quebecers, particularly by reducing the burden of preventable diseases, improving the living conditions of vulnerable individuals and creating healthy and sustainable living environments.

In Budget 2026-2027, the government is allocating an additional \$100.0 million over five years to implement the actions outlined in the national health prevention strategy.

Santé Québec – Network modernization, efficiency and economies of scale

Passed in December 2023, the *Act respecting the governance of the health and social services system* introduced the creation of Santé Québec as the operational structure of the plan to reform health care. The mandate of Santé Québec is to make the health and social services network more efficient and to facilitate access to safe, high-quality care and services.

Santé Québec is fulfilling this mandate through its 2025-2028 strategic plan, which breaks down into four points: guaranteeing care for every citizen, improving the fluidity of care, standardizing practices in the health and social services network and managing human resources.

Not only does the state-owned enterprise plan the activities of the network, but it is also responsible for the achievement of performance targets, including the reduction in surgical wait lists and access to front-line services.

To support this transition and meet the growing needs of the population, the government has significantly increased funding for Santé Québec since its creation. In addition, Santé Québec has optimized its expenditures and rolled out a new management model aimed at improving financial performance and access to health care. This transformation is based on two structural pillars:

- increased budget predictability for facilities, with 99% of funding confirmed at the start of their fiscal year;
- volume- and performance-based funding, particularly through improvements in unit costs and increased use of regular labour rather than independent labour.

Portfolio expenditures for Santé Québec rose from \$41.4 billion in 2023-2024 to \$46.8 billion in 2025-2026, representing an average annual growth rate of 6.3% per year over that period.

- When the budget was prepared in 2025-2026, Santé Québec faced an anticipated budgetary deficit of approximately \$1.5 billion for fiscal 2024-2025. The government has eliminated this deficit¹ to enable Santé Québec to launch its operations and has announced additional investments² to ensure continuity of services and allow it to implement its strategic plan.

The government's strategy is also based on optimizing the activities of the health and social services network through efficiency gains so that every dollar invested results in better care and services for the population.

Furthermore, this optimization seems essential to ensuring the sustainability of public finances and the financial viability of the health and social services network against the backdrop of an aging population.

1 In Budget 2025-2026, the government granted nearly \$1.2 billion for fiscal 2024-2025.

2 In Budget 2025-2026, nearly \$1.4 billion in additional funding was allocated. In addition, an extra \$250 million was allocated to fund the health care system's operations in the fall 2025 update, which, combined with Santé Québec's management efforts, should enable it to post close to balanced results for fiscal 2025-2026.

1.2 Supporting caregivers and seniors in private seniors' residences

Due to the aging population, the number of caregivers will continue to grow in the coming years, and they will be increasingly called upon. It is therefore essential for the government to continue to provide them with adequate support.

In addition, the government wishes to continue its efforts to mitigate the impact of insurance premiums on seniors living in private seniors' residences.

Accordingly, in Budget 2026-2027, the government is planning the following:

- \$136.0 million over four years to complete funding for the government action plan for caregivers 2026-2031 to ensure the continuation of support services for these individuals and to deliver assistance toward direct services to the population that meet priority needs;⁴
- extending the assistance program for private seniors' residences and other related private entities⁵ for 2026. This assistance helps limit the impact of insurance premium increases,⁶ which affect the cost of rent for seniors.

TABLE C.6

Financial impact of the measures to support caregivers and seniors in private seniors' residences (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Completing funding for the government action plan for caregivers 2026-2031	—	-34.0	-34.0	-34.0	-34.0	-136.0
Extending the assistance program for private seniors' residences and other related private entities ⁽¹⁾	—	—	—	—	—	—
TOTAL	—	-34.0	-34.0	-34.0	-34.0	-136.0

Note: The appropriations will be granted to the Ministère de la Santé et des Services sociaux.

(1) The amounts allocated to this program are not disclosed publicly to avoid influencing insurance prices.

⁴ The unveiling of the government action plan for caregivers 2026-2031 is scheduled for spring 2026.

⁵ In addition to private seniors' residences, entities covered include funded and unfunded private CHSLDs, home support social economy enterprises, intermediate resources housing seniors with diminishing autonomy, and funded private rehabilitation hospitals.

⁶ Eligible insurance premiums are related to property insurance, general civil or professional liability insurance, and directors' and officers' liability insurance for performing the duties of eligible entities.

Significant steps to support caregivers

Since fall 2018, the government has taken significant steps to improve the quality of life of caregivers in Québec.

In 2020, the government passed the first-ever bill dedicated to caregivers in Québec's history, recognizing the essential role they play in Québec society.

This bill includes a requirement to adopt a government action plan for caregivers every five years. The first action plan, adopted in 2021, allocated more than \$200 million to improve the quality of life of these individuals.

More generous tax assistance for caregivers

In 2020, the government introduced a refundable tax credit for caregivers. This tax assistance is more generous than that previously offered to caregivers. This simplified measure is also accessible to a larger number of people.

In 2024, \$216.6 million was paid to caregivers through this tax credit, more than triple the \$71.1 million paid in 2019.

The number of beneficiaries of this financial support has risen from around 60 000 taxpayers in 2019 to more than 100 000 taxpayers in 2024.

— The average tax assistance increased from \$1 177 in 2019 to \$2 151 in 2024.

In 2026, this tax credit will provide financial support of up to \$3 050 to a caregiver looking after a loved one with whom they live.

Providing tailored, safe home-support services focused on people's real needs

The independent living allowance is a flexible and personalized measure that allows tailored, safe home-support services focused on people's real needs, while recognizing the significance and limitations of the role of caregivers.

Caregivers can now be designated as eligible workers. They can therefore receive financial compensation for the home care services provided to their loved one.

1.3 Maintaining and developing health and social services infrastructure

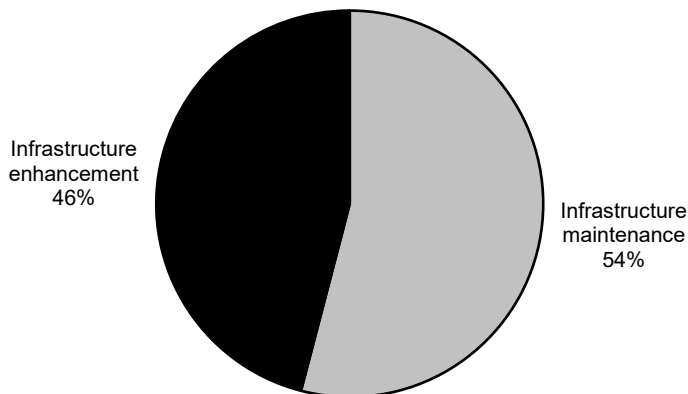
The 2026-2036 Québec Infrastructure Plan provides \$24.7 billion in Health and Social Services investments.

- Investments to maintain current infrastructure in good condition represent 54% of total investments.
- Investments earmarked for new infrastructure in support of development represent 46%.

These investments will enable the continued construction, expansion or redevelopment of health and social services institutions, CHSLDs and seniors' homes.

CHART C.1

2026-2036 Québec Infrastructure Plan for the Health and Social Services sector by investment type



Source: Secrétariat du Conseil du trésor.

Infrastructure investments since fall 2018-2019 for the Health and Social Services sector

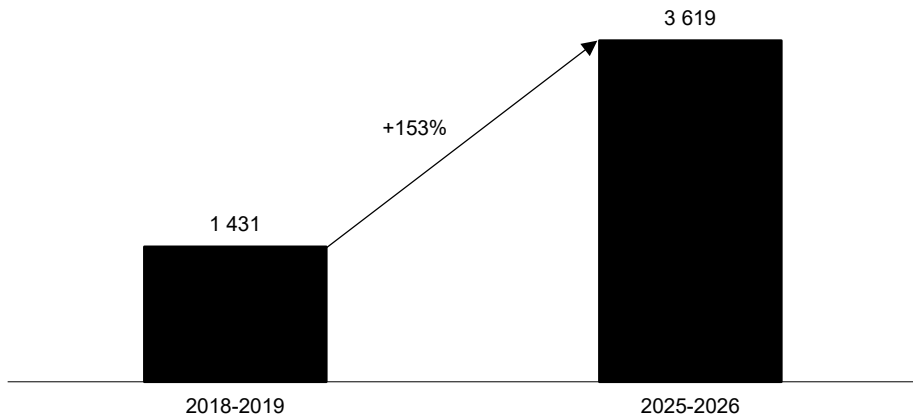
Infrastructure investments in the Health and Social Services sector have more than doubled since 2018-2019.

- While they stood at \$1.4 billion in 2018-2019, probable investments are expected to reach more than \$3.6 billion in 2025-2026, an increase of 153%.

Over the past seven years, the government invested an average of \$3.0 billion per year, for a total of \$20.9 billion.

Changes in infrastructure investments for the Health and Social Services sector since 2018-2019

(millions of dollars, unless otherwise indicated)



Note: These are investments made for 2018-2019 and probable investments for 2025-2026.
Source: Secrétariat du Conseil du trésor.

2. SUPPORTING EDUCATIONAL SUCCESS

Since Budget 2019-2020, numerous initiatives have been rolled out to support educational success and school perseverance. Significant progress has therefore been made. Nevertheless, the education network continues to face several challenges that require targeted and concerted actions.

Educational success remains the government's primary objective and is a key concern. It relies on the implementation of support measures to meet students' needs, particularly in terms of developing reading skills. These measures are essential to everyone's schooling.

Attracting staff remains a significant issue. The current shortage of qualified personnel affects the network's ability to maintain high-quality education services.

Added to this are school space needs, which demand rapid and appropriate solutions to ensure adequate and safe learning environments.

In Budget 2026-2027, the government is continuing its efforts to support educational success by earmarking \$639.0 million over five years:⁷

- \$315.0 million to foster the educational success of students;
- \$250.0 million to meet urgent and temporary school space needs;
- \$74.0 million to make the education network more attractive to workers.

TABLE C.7

Financial impact of the measures to support educational success (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting students' educational success	-63.0	-63.0	-63.0	-63.0	-63.0	-315.0
Meeting urgent and temporary school space needs	-50.0	-50.0	-50.0	-50.0	-50.0	-250.0
Making the education network more attractive to workers	-51.7	-22.3	—	—	—	-74.0
TOTAL	-164.7	-135.3	-113.0	-113.0	-113.0	-639.0

Note: The appropriations will be granted to the Ministère de l'Éducation. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

⁷ The measures announced in Budget 2026-2027 for the Éducation portfolio total \$758 million over five years, including measures related to culture in schools and cultural field trips presented in Section D, "Supporting Quebecers and Communities with Targeted Action."

2.1 Supporting students' educational success

The government's sustained investments to encourage educational success aim to give every student the opportunity to reach their full potential. Supporting students remains a key concern, particularly in light of certain learning difficulties encountered during their schooling. Moreover, reading proficiency remains a critical lever for student progress in all subjects and for developing their autonomy.

In addition, schools are also facing increased demands due to the diversity of schooling, fluctuations in student numbers and the complexity of learning, which call for concerted intervention by school teams. The government therefore recognizes the significance of having adequate resources and effective governance in order to provide the necessary support to ensure an equitable response to the needs of all students.

To promote learning, it is proposed to strengthen evidence-based teaching practices, encourage greater collaboration between stakeholders in the school network and continue efforts to support students. In addition, the government remains committed to the school network so that schools remain healthy and safe environments.

In Budget 2026-2027, the government is planning to invest \$315.0 million over five years to promote student educational success.

2.2 Meeting urgent and temporary school space needs

Québec schools continue to face a significant need for space. However, despite increased infrastructure investments, the pace of construction is insufficient to immediately meet all needs. In this context, the implementation of fast and flexible solutions to meet urgent and temporary school space needs remains essential.

The use of modular classrooms or portables and specialized facilities provides functional and secure environments during major infrastructure projects or in one-off situations that lead to capacity overloads. These arrangements ensure the continuity of education services while supporting the growth in student numbers.

Accordingly, in Budget 2026-2027, the government is providing \$250.0 million over five years to meet urgent and temporary school space needs, in addition to the \$95.0 million over five years announced in Budget 2025-2026.

2.3 Making the education network more attractive to workers

The persistent shortage of teaching staff, exacerbated by strong growth in student numbers in recent years, is affecting the ability of school bodies to fully meet the needs expressed by educational institutions. That is why the government is taking sustained action to attract and retain qualified personnel and stabilize school teams.

In Budget 2026-2027, the government is allocating \$74.0 million over two years to make the education network more attractive to workers:

- \$53.0 million to encourage retirees to return to the education network;
- \$21.0 million to continue to make part-time positions more attractive.

TABLE C.8

Financial impact of the measures to make the education network more attractive to workers (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Encouraging retirees to return to the education network	-37.0	-16.0	—	—	—	-53.0
Continuing to make part-time positions more attractive	-14.7	-6.3	—	—	—	-21.0
TOTAL	-51.7	-22.3	—	—	—	-74.0

☐ Encouraging retirees to return to the education network

The teaching staff shortage remains a reality, and the government wants to continue taking action to increase teacher retention, particularly among retired teachers.

In this context, temporary financial incentives designed to encourage retired teachers to return to the classroom will be extended for an additional school year. This measure, in effect since 2022-2023, aims to support substitute teacher needs until June 30, 2027.

- Retired teachers asked to substitute will continue to be paid according to the salary scale based on their experience and education, rather than at the rate usually applied for substitute teachers.
- In addition, a lump sum payment will also continue to be offered to retired teachers who choose to return to work.

☐ Continuing to make part-time positions more attractive

To continue addressing the challenges associated with teacher shortages, the government is extending for an additional school year the measure to enhance the contracts of part-time teachers in the general youth education sector by up to 100% by adding additional substitute teaching days.

- For example, a part-time teacher whose workload is 60% could have their contract increased by 40% to meet substitute needs in a school or group of schools, thereby reaching a full workload.

Initiatives in education since Budget 2019-2020

In recent years, the Québec government has made education a top priority, particularly during the public health crisis, which disrupted the school network and exacerbated the difficulties faced by many students, both academically and socio-affectively.

Since Budget 2019-2020, the government has announced initiatives in education totalling \$17.7 billion.

- This amount includes recurring measures until 2030-2031, the period covered by the financial framework presented in Budget 2026-2027.

The government has invested in strengthening the school network and supporting students, particularly those in vulnerable situations, while providing more support for staff and enhancing vocational training. It has established kindergarten for 4-year-olds, implemented a national tutoring program, accelerated the digital transition and invested in the modernization of school infrastructure to provide healthier, more stimulating and safer learning environments.

Recently, the government has also improved working conditions in education by ensuring greater stability in schools, providing teachers with more support and autonomy and making their working conditions more attractive.

Together, these actions are part of the vision for a more equitable, innovative and engaged education system, capable of supporting every young person in reaching their full potential and promoting success for all.

Initiatives to increase educational success since Budget 2019-2020

(millions of dollars)

	From 2019-2020 to 2030-2031
Implementing kindergarten for 4-year-olds	4 431
Supporting students in vulnerable situations	3 171
Promoting vocational training	1 372
Attracting, retaining and supporting school staff	1 229
Providing a healthy and safe environment	1 445
Other initiatives to increase educational success	6 043
TOTAL	17 691

2.4 Maintaining and developing educational infrastructure

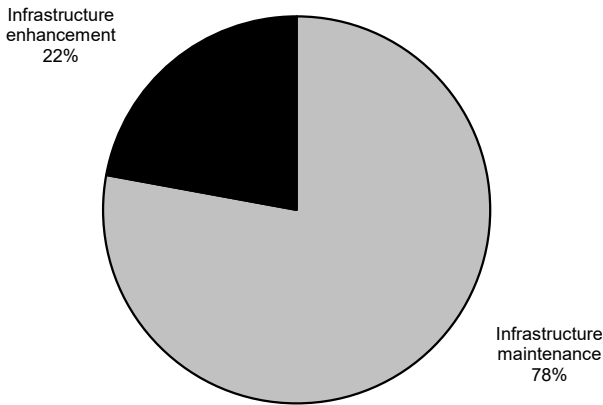
The 2026-2036 Québec Infrastructure Plan provides \$23.5 billion in Education investments.

— Around 78% of these investments are earmarked for maintaining existing infrastructure in good condition, while approximately 22% are earmarked for new infrastructure.

These investments will enable the continued construction, expansion or retrofitting of elementary schools, secondary schools and vocational training centres.

CHART C.2

2026-2036 Québec Infrastructure Plan for the Education sector by investment type



Source: Secrétariat du Conseil du trésor.

Infrastructure investments since 2018-2019 for the Education sector

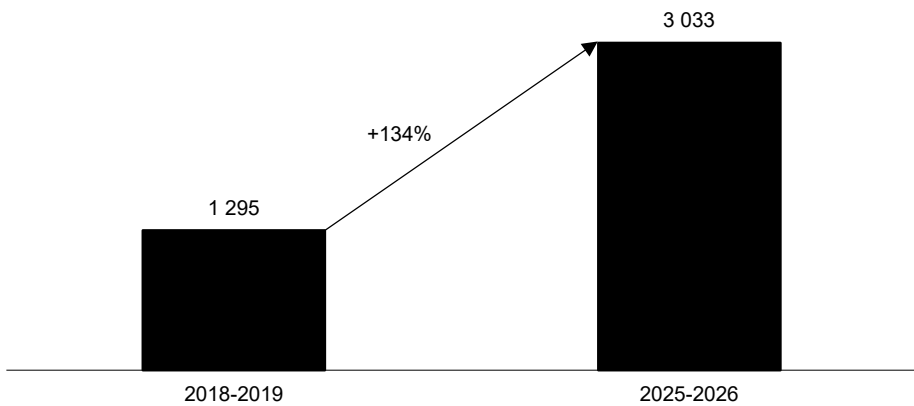
Infrastructure investments in the Education sector have more than doubled since 2018-2019.

- While they stood at \$1.3 billion in 2018-2019, probable investments are expected to reach more than \$3.0 billion in 2025-2026, an increase of 134%.

Over the past seven years, the government invested an average of \$2.9 billion per year, for a total of \$20.4 billion.

Changes in infrastructure investments for the Education sector since 2018-2019

(millions of dollars, unless otherwise indicated)



Note: These are investments made for 2018-2019 and probable investments for 2025-2026.
Source: Secrétariat du Conseil du trésor.

3. SUPPORTING HIGHER EDUCATION TRAINING, LABOUR MARKET INTEGRATION AND RESEARCH

Higher education is one of the government's key priorities and is an essential driver of social, economic and cultural development. Our society is undergoing significant transformation and facing major challenges that will require all Quebecers to realize their full potential.

Over the past decade, more than 150 000 people have entered higher education in Québec each year.

This access is made possible thanks to the presence of colleges and universities in all regions of Québec, tuition fees that are among the lowest in North America, the sustained availability of government financial assistance for studies, and a rich and diverse range of training programs designed to meet not only the needs of individuals but also the evolving needs of the labour market and key sectors of Québec's economy.

In addition, the government wants to continue its efforts to promote the integration of all Quebecers into the labour market. However, challenges must be overcome to put in place the necessary conditions to promote this integration in a sustainable and inclusive manner.

That is why, in Budget 2026-2027, the government is continuing its efforts to support higher education training,⁸ labour market integration and research by setting aside \$391.9 million over five years:

- \$346.6 million to continue to intensify training and qualification in targeted areas;
- \$45.3 million to support university research.

TABLE C.9

Financial impact of supporting higher education training, labour market integration and research (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Continuing to intensify training and qualification in targeted areas	-104.8	-103.7	-63.4	-39.2	-35.5	-346.6
Supporting university research	-3.5	-4.7	-14.7	-11.2	-11.2	-45.3
TOTAL	-108.3	-108.4	-78.1	-50.4	-46.7	-391.9

⁸ The measures announced in Budget 2026-2027 for the Enseignement supérieur portfolio total 180.5 million over five years, including those presented in Section B, "Accelerating Québec's Economic Transformation" and Section D, "Supporting Quebecers and Communities with Targeted Action."

3.1 Continuing to intensify training and qualification in targeted areas

In Budget 2026-2027, the government is continuing to intensify workforce training and qualification in targeted areas by providing \$346.6 million over five years:

- \$150.0 million to continue promoting and raising the profile of engineering and information technology;
- \$19.2 million to support the training and qualification of childcare educators;
- \$15.5 million to enable the increase in medical school cohorts;
- \$131.8 million to extend the employment assistance allowances;
- \$28.6 million to maintain efforts to integrate immigrants into the workforce;
- \$1.5 million to support the development of the Indigenous workforce.

TABLE C.10

Financial impact of the measures to continue to intensify training and qualification in targeted areas (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Continuing to promote and raise the profile of engineering and information technology ⁽¹⁾	-30.0	-30.0	-30.0	-30.0	-30.0	-150.0
Supporting the training and qualification of childcare educators ⁽²⁾	-15.6	-3.6	—	—	—	-19.2
Enabling the increase in medical school cohorts ⁽¹⁾	-4.0	-4.0	-2.5	-2.5	-2.5	-15.5
Extending the employment assistance allowances ⁽³⁾	-48.1	-63.0	-20.7	—	—	-131.8
Maintaining efforts to integrate immigrants into the workforce ⁽⁴⁾	-5.6	-3.1	-10.2	-6.7	-3.0	-28.6
Supporting the development of the Indigenous workforce ⁽⁵⁾	-1.5	—	—	—	—	-1.5
TOTAL	-104.8	-103.7	-63.4	-39.2	-35.5	-346.6

(1) The appropriations will be granted to the Ministère de l'Enseignement supérieur. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(2) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale (\$12.0 million) and the Ministère de l'Enseignement supérieur (\$7.2 million). The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(3) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(4) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale (\$3.0 million) and to the Ministère de l'Immigration, de la Francisation et de l'Intégration (\$25.6 million). The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(5) The amounts will be drawn from the Labour Market Development Fund.

❑ **Continuing to promote and raise the profile of engineering and information technology**

The need for workers in the engineering and information technology sectors is strongly felt in the labour market. Since 2021, in order to expand the workforce, the government has made significant investments that will enable the hiring of 500 additional professors in these two strategic fields.

The government wishes to continue supporting the addition of graduates to the labour market. These graduates will support the development of cutting-edge expertise in sectors that are strategic to Québec's development, such as defence, artificial intelligence, cybersecurity, and critical and strategic minerals. Maintaining engineering and information technology faculty ensures high-quality teaching for larger cohorts.

In Budget 2026-2027, the government is setting aside \$150.0 million over five years to continue promoting and raising the profile of engineering and information technology.

❑ **Supporting the training and qualification of childcare educators**

The creation of many childcare spaces has increased the demand for qualified staff, highlighting the need to train more educators to meet the network's requirements.

In recent years, the government has enhanced the range of attestations of collegial studies available in order to offer short-term technical training to adults, enabling them to quickly develop their skills in the field of early childhood education.

In addition, through the Early Childhood Work-Study Program, remuneration is provided to experienced educators who combine this training with employment in educational childcare services. It also offers free recognition of prior learning and skills in early childhood education techniques.

In Budget 2026-2027, the government is extending funding for these measures, which have proven effective, by investing \$19.2 million over two years:

- \$3.2 million over two years to continue to improve the range of short-term training programs in the field of early childhood education;
- \$12.0 million in 2026-2027 to extend funding for the Early Childhood Work-Study Program;
- \$4.0 million over two years to extend free recognition of prior learning and skills in early childhood education.

❑ **Enabling the increase in medical school cohorts**

Growing health care needs, particularly due to population aging, require additional physicians in health care and social services institutions. Since 2020, significant investments have made it possible to increase the number of admissions to medical school by around 40%.

The government aims to continue funding these larger cohorts and train the next generation of medical professionals with an approach focused on personalized support for students.

That is why the government is providing \$15.5 million over five years in Budget 2026-2027 to enable the increase in medical school cohorts.

❑ **Extending the employment assistance allowances**

In a context where the qualifications sought after in the labour market are changing rapidly, it can be difficult for some people to adjust to the needs of businesses.

— For them, one of the main obstacles to getting a job is the difficulty of devoting themselves entirely to acquiring knowledge without jeopardizing their financial security.

Given that employment integration remains the best way to improve their long-term financial situation, the government is maintaining its financial support for people who are further removed from the labour market.

In this regard, Budget 2026-2027 provides \$131.8 million over three years to extend the employment assistance allowances offered under the income support policy, which allows individuals to receive financial assistance while participating in certain employment integration measures.

❑ **Maintaining efforts to integrate immigrants into the workforce**

Since 2021, the government has been supporting the recognition of immigrants' skills by facilitating their access to the refresher courses and internships required to practise a priority profession in the health and social services network, particularly in nursing and respiratory therapy.

— Despite the efforts made, the needs of the health care system continue to grow, highlighting the need to train more candidates, particularly outside of Montréal.

In addition, the number of asylum seekers has increased rapidly in recent years, especially in the Montréal area. These people face unique employability challenges, particularly due to language barriers.

In order to maintain efforts to integrate immigrants into the workforce, the government is setting aside, in Budget 2026-2027:

- \$25.6 million over five years to support the provision of refresher training courses and internships in health care for immigrants, thereby enabling the creation of new cohorts in targeted occupations;
- \$3.0 million in 2026-2027 to maintain efforts to integrate asylum seekers into the workforce, particularly by supporting employment support initiatives and strengthening actions focused on regionalization and improving their employability.

☐ Supporting the development of the Indigenous workforce

The 2022-2027 Government Action Plan for the Social and Cultural Wellness of the First Nations and Inuit provides for the hiring of 15 Indigenous liaison officers dedicated to the development of the Indigenous workforce to support the integration of Indigenous people into the labour market and to strengthen collaboration between Services Québec employment assistance offices and Indigenous communities.

- Liaison officers are responsible for acting as a link between employers and Indigenous job seekers, as well as supporting Indigenous communities in developing employability projects.

To support the development of the Indigenous workforce until the action plan expires on March 31, 2027, the government is providing \$1.5 million in 2026-2027.

Initiatives in higher education since Budget 2019-2020

In recent years, the Québec government has made college and university education a top priority in order to promote access to higher education and to meet the needs of the labour market.

Since Budget 2019-2020, the government has announced initiatives in higher education totalling \$9.9 billion.

– This amount includes recurring measures until 2030-2031, the period covered by the financial framework presented in Budget 2026-2027.

Among other things, investments of \$5.3 billion aimed at increasing graduation rates in higher education allow the implementation of initiatives to promote student retention and academic success in higher education, meet the needs of the labour market and develop training in the regions.

In addition, the government has invested \$4.6 billion to ease the financial burden on students as they coped with the rising cost of living. These investments have enhanced financial assistance for education and allowed the awarding of bursaries.

Initiatives in higher education since Budget 2019-2020

(millions of dollars)

	From 2019-2020 to 2030-2031
<hr/>	
Increasing graduation rates in higher education	
Supporting student retention and success in higher education	3 001
Meeting the needs of the labour market	1 258
Developing training and education in the regions and supporting Indigenous communities	868
Supporting research	172
Subtotal – Increasing graduation rates in higher education	5 298
Alleviating the financial burden on students	
Enhancing student financial assistance	2 711
Awarding scholarships to students	1 513
Other initiatives	410
Subtotal – Alleviating the financial burden on students	4 634
TOTAL	9 932

Note: Totals may not add due to rounding.

3.2 Supporting university research

Government support for research is essential to address major societal challenges and ensure innovation. Funding research bodies helps develop centres of expertise, attract top researchers and train the next generation. Furthermore, support for merit scholarships is a direct investment in emerging talent, providing the means for recipients to devote themselves fully to their work and to contribute to the advancement of knowledge.

In Budget 2026-2027, the government is setting aside \$45.3 million over five years to continue supporting university research in Québec:

- \$30.0 million over three years to renew the Fonds de recherche du Québec's merit scholarships;
- \$15.3 million over five years to support research bodies.

TABLE C.11

Financial impact of the measures to support university research (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Renewing the Fonds de recherche du Québec's merit scholarships ⁽¹⁾	—	—	-10.0	-10.0	-10.0	-30.0
Supporting research bodies ⁽²⁾	-3.5	-4.7	-4.7	-1.2	-1.2	-15.3
TOTAL	-3.5	-4.7	-14.7	-11.2	-11.2	-45.3

Note: The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de l'Économie, de l'Innovation et de l'Énergie.

(2) The appropriations will be granted to the Ministère des Finances.

□ Renewing the Fonds de recherche du Québec's merit scholarships

The Fonds de recherche du Québec's merit scholarships aim to attract, support and retain the best research talent in Québec. They spur scientific excellence and promote the development of a highly qualified workforce, which is much needed in Québec.

- In 2024-2025, the Fonds de recherche du Québec awarded more than 3 500 merit scholarships to master's and doctoral students and postdoctoral fellows, who represent the next generation of researchers in major research sectors.

In order to renew the Fonds de recherche du Québec's merit scholarships, the government is allocating \$30.0 million from 2028-2029 to 2030-2031 in Budget 2026-2027.

□ Supporting research bodies

In recent years, the government has helped fund research bodies whose work benefits the Québec economy, particularly in advancing knowledge on topics such as taxation, productivity and public policy.

Against this backdrop, in Budget 2026-2027, the government is providing \$15.3 million over five years to support research bodies:

- \$6.3 million to the Centre interuniversitaire de recherche en analyse des organisations (CIRANO);
- \$4.8 million for the Research Chair in Taxation and Public Finance at Université de Sherbrooke;
- \$1.8 million for HEC Montréal's Centre for Productivity and Prosperity – Walter J. Somers Foundation;
- \$1.5 million for the joint initiative “En avant math!” between the Centre de recherches mathématiques at Université de Montréal and CIRANO;
- \$0.9 million for the Institut du Québec.

TABLE C.12

Financial impact of the measures to support research bodies

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Centre interuniversitaire de recherche en analyse des organisations (CIRANO)	-2.1	-2.1	-2.1	—	—	-6.3
Research Chair in Taxation and Public Finance at Université de Sherbrooke	—	-1.2	-1.2	-1.2	-1.2	-4.8
HEC Montréal's Centre for Productivity and Prosperity – Walter J. Somers Foundation	-0.6	-0.6	-0.6	—	—	-1.8
Centre de recherches mathématiques at Université de Montréal and CIRANO	-0.5	-0.5	-0.5	—	—	-1.5
Institut du Québec	-0.3	-0.3	-0.3	—	—	-0.9
TOTAL	-3.5	-4.7	-4.7	-1.2	-1.2	-15.3

Note: The appropriations will be granted to the Ministère des Finances. The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

3.3 Maintaining and developing higher education infrastructure

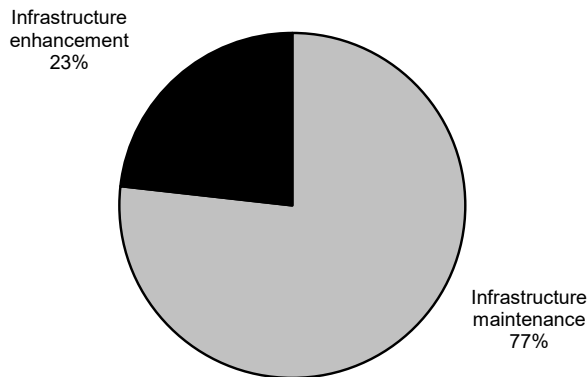
The 2026-2036 Québec Infrastructure Plan provides \$9.2 billion in Higher Education investments.

— Around 77% of these investments aim to maintain existing infrastructure in good condition, while approximately 23% are earmarked for new infrastructure.

These investments will enable work to be carried out to maintain the university and college network infrastructure and to meet the needs for additional space in the institutions that make up these networks.

CHART C.3

2026-2036 Québec Infrastructure Plan for the Higher Education sector by investment type



Source: Secrétariat du Conseil du trésor.

Infrastructure investments since 2018-2019 for the Higher Education sector

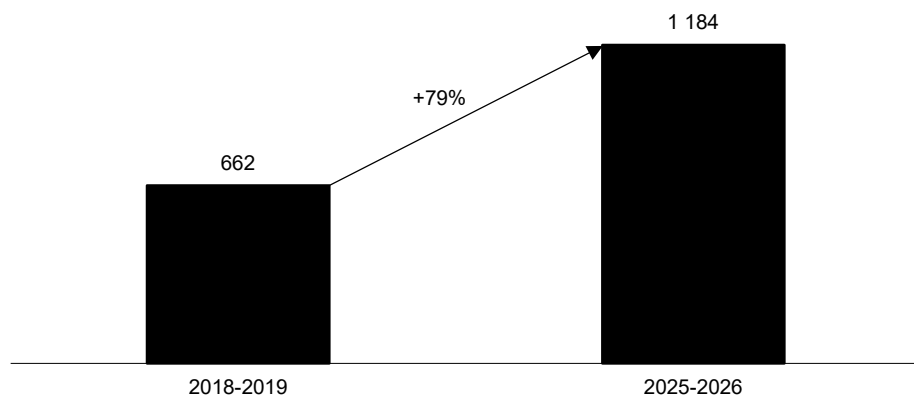
Infrastructure investments in the Higher Education sector have nearly doubled since 2018-2019.

- While they stood at \$662 million in 2018-2019, probable investments are expected to reach more than \$1.2 billion in 2025-2026, an increase of 79%.

Over the past seven years, the government invested an average of \$0.9 billion per year, for a total of \$6.4 billion.

Changes in infrastructure investments for the Higher Education sector since 2018-2019

(millions of dollars, unless otherwise indicated)



Note: These are investments made for 2018-2019 and probable investments for 2025-2026.
Source: Secrétariat du Conseil du trésor.

4. STRENGTHENING QUEBECERS' SAFETY AND ACCESS TO LEGAL SERVICES

The interaction between public safety and justice is one of the fundamental pillars of the rule of law. It is based on an essential balance between law enforcement agencies that protect people and property and the courts that ensure the rigorous and fair application of laws.

In addition, to ensure public safety, the Québec government is taking action in several areas, including civil security, fire safety, correctional services, cybersecurity, and court operations.

Budget 2026-2027 allocates \$1 076.0 million over five years to strengthen Quebecers' safety⁹ and access to legal services:¹⁰

- \$750.0 million to consolidate prevention and intervention activities in the area of public safety;
- \$66.0 million to continue efforts to combat gun violence;
- \$43.0 million to ensure cybersecurity operations;
- \$217.0 million to strengthen access to legal services.

TABLE C.13

Financial impact of the measures to strengthen Quebecers' safety and access to legal services (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Consolidating prevention and intervention activities in the area of public safety ⁽¹⁾	-150.0	-150.0	-150.0	-150.0	-150.0	-750.0
Continuing efforts to combat armed violence ⁽²⁾	-30.0	-17.0	-19.0	—	—	-66.0
Ensuring cybersecurity operations ⁽³⁾	-16.0	-27.0	—	—	—	-43.0
Strengthening access to legal services ⁽⁴⁾	-43.4	-43.4	-43.4	-43.4	-43.4	-217.0
TOTAL	-239.4	-237.4	-212.4	-193.4	-193.4	-1 076.0

Note: The amounts provided for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Sécurité publique. In addition, investments of \$0.3 million are provided for in the 2026-2036 Québec Infrastructure Plan.

(2) The appropriations will be granted to the Ministère de la Sécurité publique (\$52.6 million) and the Ministère de la Justice (\$13.4 million). In addition, investments of \$0.3 million are provided for in the 2026-2036 Québec Infrastructure Plan.

(3) The appropriations will be granted to the Ministère de la Cybersécurité et du Numérique.

(4) The appropriations will be granted to the Ministère de la Justice.

⁹ The measures announced in Budget 2026-2027 for the Sécurité publique portfolio total more than \$880 million over five years, including the one presented in Section D, "Supporting Quebecers and Communities with Targeted Action."

¹⁰ The measures announced in Budget 2026-2027 for the Justice portfolio total more than \$401 million over five years, including those presented in Section D, "Supporting Quebecers and Communities with Targeted Action."

4.1 Consolidating prevention and intervention activities in the area of public safety

Significant efforts have been made over the past several years to ensure public safety for Quebecers, in terms of both prevention and intervention in a variety of areas, including civil security, fire safety, correctional services and policing.

In recent years, the government has taken action to assist the public and municipalities affected by disasters in Québec, increased its support to combat crime and strengthened security in detention facilities and courthouses.

In order to continue strengthening Quebecers' safety, the government is providing \$750.0 million over five years to consolidate all prevention and intervention activities in the area of safety.

Interventions to combat tax evasion and fraud against the government

In addition to prevention and intervention activities in the area of public safety, the government has set up various ACCES¹ committees to combat tax evasion and fraud against the government.

These committees, composed of several government bodies, carry out concerted actions involving various Québec police forces, supported by prosecutors from the Director of Criminal and Penal Prosecutions, to combat:

- economic and financial crime and fraud against the government;
- tobacco, cannabis and alcohol smuggling;
- unreported work in the construction sector.

These actions reduce the financial capacity of organized crime groups to carry out their schemes and prevent them from infiltrating key sectors of the economy.

Section B of *Additional Information – March 2026* describes in greater detail the actions taken to combat tax evasion and fraud against the government.

¹ Actions concertées pour contrer les économies souterraines (concerted actions to counter the underground economy).

4.2 Continuing efforts to combat armed violence

In fall 2021, the government announced the implementation Québec's strategy to combat gun violence, CENTAURE, with the aim of addressing the wave of violent incidents that were affecting Québec at the time. Since then, the government has supported and intensified efforts to both prevent and crack down on these crimes.

To ensure public safety for Quebecers, it remains essential to continue to combat armed violence by maintaining pressure on criminal groups and firearms trafficking. To this end, the government will extend funding for specialized organized crime investigation and intervention teams.

In addition, resources at the Ministère de la Justice, the Director of Criminal and Penal Prosecutions, and the Commission des services juridiques will handle a higher number of cases related to armed violence.

Therefore, in Budget 2026-2027, the government is providing \$66.0 million over three years to continue efforts to combat armed violence:

- \$52.6 million for the Ministère de la Sécurité publique;
- \$13.4 million for the Ministère de la Justice.

4.3 Ensuring cybersecurity operations

Like other jurisdictions around the world, the Québec government must take action to protect itself from cyberattacks, which are becoming increasingly frequent, sophisticated and challenging to counter.

To respond adequately to threats, organizations must now react more quickly, in particular because artificial intelligence accelerates both the detection and exploitation of vulnerabilities.

Therefore, in order to ensure government capacity to manage cybersecurity threats, the government is allocating \$43.0 million over two years in Budget 2026-2027.

This will enable cybersecurity services to be pooled in order to reduce government costs, monitor evolving threats and strengthen collective resilience.

4.4 Strengthening access to legal services

The mission of the Ministère de la Justice is to provide the public with an accessible, efficient and humane justice system, thereby encouraging the public's trust.

In this regard, the government is continuing its efforts by encouraging the availability of resources to maintain the level of services to Quebecers. Therefore, in order to improve access to legal services, the government is allocating \$217.0 million over five years in Budget 2026-2027:

- \$169.5 million to support access to and the proper functioning of the justice system in providing services to Quebecers;
- \$28.0 million to promote access to justice in the Nord-du-Québec region, in particular by supporting the presence of judicial resources in northern communities;
- \$19.5 million to continue translating judgments from English into French and using court interpreters.

TABLE C.14

Strengthening access to legal services (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting access to and the proper functioning of the justice system	-33.9	-33.9	-33.9	-33.9	-33.9	-169.5
Promoting access to justice in the Nord-du-Québec region	-5.6	-5.6	-5.6	-5.6	-5.6	-28.0
Continuing to translate judgments from English into French and to use court interpreters	-3.9	-3.9	-3.9	-3.9	-3.9	-19.5
TOTAL	-43.4	-43.4	-43.4	-43.4	-43.4	-217.0

FINANCIAL IMPACT

TABLE C.15

Financial impact of the measures to support the government's main missions (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Facilitating access to health care and social services						
Strengthening health care and social services						
– Consolidating the provision of care and services within the public health and social services network	-162.3	-162.3	-162.3	-162.3	-162.3	-811.5
– Supporting access to medications						
▪ Consolidating funding for treatments provided in health care institutions	-132.7	-132.7	-132.7	-132.7	-132.7	-663.5
▪ Expediting new drug listings	-17.8	-18.2	-18.5	-18.9	-19.3	-92.7
– Continuing efforts to shorten surgical wait lists	-40.0	-40.0	-40.0	-40.0	-40.0	-200.0
– Strengthening access to front-line services						
▪ Providing more services to the public through pharmacists	-10.0	-20.0	-20.0	-20.0	-20.0	-90.0
▪ Implementing the new remuneration model for general practitioners	-4.8	-10.0	-10.0	-10.0	-10.0	-44.8
▪ Supporting the coordination of government actions for front-line care and services	-10.0	-10.0	-10.0	—	—	-30.0
– Implementing actions arising from the national health prevention strategy	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
Subtotal – Strengthening health care and services	-397.6	-413.2	-413.5	-403.9	-404.3	-2 032.5
Supporting caregivers and seniors in private seniors' residences						
– Completing funding for the government action plan for caregivers 2026-2031	—	-34.0	-34.0	-34.0	-34.0	-136.0
– Extending the assistance program for private seniors' residences and other related private entities	—	—	—	—	—	—
Subtotal – Supporting caregivers and seniors in private seniors' residences	—	-34.0	-34.0	-34.0	-34.0	-136.0
Subtotal – Facilitating access to health care and social services	-397.6	-447.2	-447.5	-437.9	-438.3	-2 168.5

TABLE C.15

Financial impact of the measures to support the government's main missions (cont.)
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting educational success						
Supporting students' educational success	-63.0	-63.0	-63.0	-63.0	-63.0	-315.0
Meeting urgent and temporary school space needs	-50.0	-50.0	-50.0	-50.0	-50.0	-250.0
Making the education network more attractive to workers						
– Encouraging retirees to return to the education network	-37.0	-16.0	—	—	—	-53.0
– Continuing to make part-time positions more attractive	-14.7	-6.3	—	—	—	-21.0
Subtotal – Supporting educational success	-164.7	-135.3	-113.0	-113.0	-113.0	-639.0

TABLE C.15

Financial impact of the measures to support the government's main missions (cont.)
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting higher education training, labour market integration and research						
Continuing to intensify training and qualification in targeted areas						
– Continuing to promote and raise the profile of engineering and information technology	-30.0	-30.0	-30.0	-30.0	-30.0	-150.0
– Supporting the training and qualification of childcare educators						
▪ Continuing to improve the range of short-term training programs in the field of early childhood education	-1.6	-1.6	—	—	—	-3.2
▪ Extending funding for the Early Childhood Work-Study Program	-12.0	—	—	—	—	-12.0
▪ Extending free recognition of prior learning and skills in early childhood education	-2.0	-2.0	—	—	—	-4.0
– Enabling the increase in medical school cohorts	-4.0	-4.0	-2.5	-2.5	-2.5	-15.5
– Extending the employment assistance allowances	-48.1	-63.0	-20.7	—	—	-131.8
– Maintaining efforts to integrate immigrants into the workforce						
▪ Supporting the provision of refresher training courses and internships in health care for immigrants	-2.6	-3.1	-10.2	-6.7	-3.0	-25.6
▪ Maintaining efforts to integrate asylum seekers into the workforce	-3.0	—	—	—	—	-3.0
– Supporting the development of the Indigenous workforce	-1.5	—	—	—	—	-1.5
Subtotal – Continuing to intensify training and qualification in targeted areas	-104.8	-103.7	-63.4	-39.2	-35.5	-346.6

TABLE C.15

Financial impact of the measures to support the government's main missions (cont.)
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting higher education training, labour market integration and research (cont.)						
Supporting university research						
– Renewing the Fonds de recherche du Québec's merit scholarships	—	—	-10.0	-10.0	-10.0	-30.0
– Supporting research bodies						
▪ Centre interuniversitaire de recherche en analyse des organisations (CIRANO)	-2.1	-2.1	-2.1	—	—	-6.3
▪ Research Chair in Taxation and Public Finance at Université de Sherbrooke	—	-1.2	-1.2	-1.2	-1.2	-4.8
▪ HEC Montréal's Centre for Productivity and Prosperity – Walter J. Somers Foundation	-0.6	-0.6	-0.6	—	—	-1.8
▪ Joint initiative "En avant math!" between the Centre de recherches mathématiques at Université de Montréal and CIRANO	-0.5	-0.5	-0.5	—	—	-1.5
▪ Institut du Québec	-0.3	-0.3	-0.3	—	—	-0.9
Subtotal – Supporting university research	-3.5	-4.7	-14.7	-11.2	-11.2	-45.3
Subtotal – Supporting higher education training, labour market integration and research	-108.3	-108.4	-78.1	-50.4	-46.7	-391.9

TABLE C.15

Financial impact of the measures to support the government's main missions (cont.)
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Strengthening Quebecers' safety and access to legal services						
Consolidating prevention and intervention activities in the area of public safety	-150.0	-150.0	-150.0	-150.0	-150.0	-750.0
Continuing efforts to combat armed violence	-30.0	-17.0	-19.0	—	—	-66.0
Ensuring cybersecurity operations	-16.0	-27.0	—	—	—	-43.0
Strengthening access to legal services						
– Supporting access to and the proper functioning of the justice system	-33.9	-33.9	-33.9	-33.9	-33.9	-169.5
– Promoting access to justice in the Nord-du-Québec region	-5.6	-5.6	-5.6	-5.6	-5.6	-28.0
– Continuing to translate judgments from English into French and to use court interpreters	-3.9	-3.9	-3.9	-3.9	-3.9	-19.5
Subtotal – Strengthening access to legal services	-43.4	-43.4	-43.4	-43.4	-43.4	-217.0
Subtotal – Strengthening Quebecers' safety and access to legal services	-239.4	-237.4	-212.4	-193.4	-193.4	-1 076.0
TOTAL	-910.0	-928.3	-851.0	-794.7	-791.4	-4 275.4

Section D

SUPPORTING QUEBECERS AND COMMUNITIES WITH TARGETED ACTION

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SUMMARY

Quebecers are affected by the uncertain socioeconomic context, and many are experiencing difficult situations. The government intends to continue its actions to help them cope with the growing challenges they are facing. It is essential to maintain investments and initiatives that not only address priority needs, but also protect the most vulnerable citizens.

More than \$3.6 billion is earmarked to support Quebecers and communities, in order to address priority issues pertaining to support for families, homelessness, domestic violence and access to housing, in particular.

Nearly \$2.4 billion over five years will be dedicated to supporting Quebecers. This means taking steps to help families cope with the rising cost of living, responding to homelessness and mental health challenges, combatting domestic and sexual violence, promoting access to housing and strengthening services for vulnerable individuals.

Furthermore, more than \$1.0 billion over six years will be invested to ensure community resilience, with measures to strengthen communities and support households in fighting climate change.

— Those amounts are in addition to other investments planned under the 2026-2031 Implementation Plan of the 2030 Plan for a Green Economy, which has an envelope of \$8.2 billion.

Over five years, the government is also earmarking nearly \$220 million to promote Québec culture and cultural heritage.

TABLE D.1

Financial impact of the measures to support Quebecers and communities with targeted action (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers	—	-579.1	-679.7	-505.9	-300.3	-303.9	-2 368.9
Ensuring community resilience ⁽¹⁾	-37.0	-130.9	-397.2	-164.6	-165.0	-134.5	-1 029.2
Promoting Québec culture and cultural heritage	—	-32.3	-52.7	-53.6	-38.3	-40.2	-217.1
TOTAL	-37.0	-742.3	-1 129.6	-724.1	-503.6	-478.6	-3 615.2

(1) Of these amounts, \$583.9 million will be drawn from the Electrification and Climate Change Fund.

1. SUPPORTING QUEBECERS

In recent years, the government has made improving the standard of living for Quebecers a priority. The measures put in place have helped, in particular, to protect purchasing power, support families, facilitate access to affordable housing and maintain support for the most vulnerable.

In Budget 2026-2027, nearly \$2.4 billion over five years is earmarked to support Quebecers, as follows:

- \$846.3 million to help families cope with the cost of living by enabling more families to access the subsidized network of educational childcare services and maintaining the school tax increase cap at 3%;
- \$264.3 million to address homelessness and mental health challenges, including new emergency rent supplements for vulnerable individuals and modernization of the *Act respecting the protection of persons whose mental state presents a danger to themselves or to others*;
- \$260.3 million to combat domestic and sexual violence, in particular by strengthening support for shelters for women who are victims of violence;
- \$740.9 million to support access to housing, particularly for new affordable housing units, to secure access to housing for the most vulnerable households and to renovate the housing stock;
- \$257.1 million to strengthen services that have a tangible impact on many Quebecers by supporting community organizations, such as food banks, in their essential role.

TABLE D.2

Financial impact of the measures to support Quebecers (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Helping families cope with the cost of living	-89.4	-188.2	-188.4	-189.4	-190.9	-846.3
Addressing homelessness and mental health challenges	-60.8	-54.1	-62.4	-43.5	-43.5	-264.3
Combatting domestic and sexual violence	-55.8	-62.3	-65.3	-37.4	-39.5	-260.3
Supporting access to housing	-292.3	-288.8	-159.8	—	—	-740.9
Strengthening services for vulnerable individuals	-80.8	-86.3	-30.0	-30.0	-30.0	-257.1
TOTAL	-579.1	-679.7	-505.9	-300.3	-303.9	-2 368.9

1.1 Helping families cope with the cost of living

For young families, childcare costs are often an unavoidable expenditure that allows parents to continue working. That is why the government has undertaken the conversion of thousands of non-subsidized childcare spaces into subsidized spaces within the network, in order to improve access to affordable, quality childcare services.

In the interest of financial equity, the government has also introduced a single school tax rate, ensuring that families are not penalized based on where they live.

Therefore, in order to continue efforts to help families cope with the rising cost of living, the government is setting aside additional funding of \$846.3 million over five years in Budget 2026-2027:

- \$396.5 million to convert 5 000 non-subsidized childcare spaces into subsidized spaces beginning in 2026-2027;
- \$449.8 million to cap the school tax increase at 3% for 2026.

TABLE D.3

Financial impact of the measures to help families cope with the cost of living (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Converting 5 000 non-subsidized childcare spaces ⁽¹⁾	-22.4	-92.5	-92.7	-93.7	-95.2	-396.5
Capping the school tax increase at 3% ⁽²⁾	-67.0	-95.7	-95.7	-95.7	-95.7	-449.8
TOTAL	-89.4	-188.2	-188.4	-189.4	-190.9	-846.3

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Famille.

(2) The appropriations will be granted to the Ministère de l'Éducation. Since the school year begins on July 1, there is a nine-month overlap with the fiscal year, which reduces the amounts in the introductory year.

□ **Converting 5 000 non-subsidized childcare spaces**

In recent years, the government has taken steps to expand the network of educational childcare services, in particular by converting non-subsidized childcare spaces into subsidized childcare spaces.

These conversions allow more families to benefit from the reduced contribution in a context where expenses for non-subsidized childcare have risen in recent years.

— The reduced-contribution childcare rate is currently \$9.65 per day, which leaves families with more financial availability to cope with the rising cost of living.

Accordingly, starting in 2026-2027, the government wants to step up its efforts to increase the number of families benefiting from the reduced contribution and is announcing nearly \$95 million per year to convert 5 000 additional non-subsidized spaces into subsidized spaces.

■ **Prioritizing childcare services in disadvantaged areas**

The government wants to offer families equitable access to subsidized childcare services across the entire territory of Québec.

Accordingly, the conversion of the 5 000 new childcare spaces will first take place in regions where there is a significant gap between the number of subsidized and non-subsidized childcare spaces.

Then, among the regions identified, the government will prioritize the most disadvantaged communities, which will improve the situation of families most in need.

More than 61 000 new subsidized childcare spaces

Nearly 46 000 additional subsidized childcare spaces

Since the launch of the Grand chantier pour les familles action plan in 2021, nearly 34 000 subsidized childcare spaces have been created in Québec.

- Of these, more than 26 000 childcare spaces were added in childcare centres (CPEs) and subsidized daycare centres, while nearly 8 000 subsidized home-based childcare spaces were created.

In addition, nearly 11 600 spaces in CPEs and subsidized daycare centres are in the process of being created.

Ultimately, the government's actions will have thus led to the creation of nearly 46 000 additional subsidized childcare spaces for families.

Nearly 16 000 childcare spaces converted by 2027-2028

To ensure greater financial equity between families, the government has also converted a significant number of non-subsidized childcare spaces into subsidized spaces.

- A pilot project launched by the government led to the conversion of 3 549 non-subsidized childcare spaces beginning in 2021-2022.
- The government subsequently announced the conversion of 7 000 additional spaces, to which the 5 000 spaces in the current budget are added.

Through these initiatives, the total number of converted spaces will be close to 16 000, for a total of more than 61 000 subsidized spaces added since 2021.

Status report on the conversion and creation of subsidized spaces as at January 31, 2026

(number of spaces)

	Completed	Planned
Creation of childcare spaces		
– Childcare and subsidized daycare centres	26 027	37 626 ⁽¹⁾
– Subsidized home-based childcare services	7 961	7 961
Subtotal – Creation of childcare spaces	33 988	45 587
Conversion of non-subsidized spaces	9 898	15 898 ⁽²⁾
TOTAL	43 886	61 485

(1) The number of planned spaces includes 11 599 spaces in the process of being created.

(2) The number of planned spaces includes 1 000 spaces whose conversion was announced in Budget 2025-2026 and 5 000 spaces whose conversion is announced in Budget 2026-2027.

Sources: Ministère de la Famille and Ministère des Finances.

❑ Capping the school tax increase at 3%

Since 2018, the government has taken significant steps to help families cope with the rising cost of living, including lowering school taxes. To that end, it introduced a single tax rate applicable across Québec since July 1, 2020, and has limited the increase of the average school tax bill to 3% for each year since 2022.

In Budget 2026-2027, the government is announcing that it will once again cap the average increase in Quebecers' school taxes at 3% for 2026.

To ensure that this cap has no impact on school funding and services provided to students, the government will provide an additional subsidy of \$95.7 million per school year to make up for the shortfall experienced by school organizations.

This subsidy will bring government assistance to \$1.2 billion per year to achieve and maintain a single rate and limit the increase of school taxes. These measures are important not only for households, which will see their bills reduced, but also to ensure funding of the school network.

TABLE D.4

Review of government actions to reduce the school tax bill (millions of dollars)

	2018-2019 to 2025-2026	2026- 2027	2027- 2028	2028- 2029	Total
Maintaining a single rate	-3 848.0	-474.1	-424.8	-455.1	-5 202.0
Assistance to limit the increase in school taxes to 3% from 2022 to 2025 ⁽¹⁾	-1 466.6	-612.3	-612.3	-612.3	-3 303.5
Assistance to limit the increase in school taxes to 3% in 2026 ⁽¹⁾	—	-67.0	-95.7	-95.7	-258.4
TOTAL	-5 314.6	-1 153.4	-1 132.8	-1 163.1	-8 763.9

(1) Since the school year begins on July 1, there is a nine-month overlap with the fiscal year, which reduces the amounts in the introductory year.

1.2 Addressing homelessness and mental health challenges

The government is particularly sensitive to the needs of the most vulnerable in our society, such as those experiencing homelessness. These people face significant challenges, including social exclusion and extreme precarity. For these individuals, who live on the fringes of society, it is more difficult to receive the support and care they need.

In addition, it is important to ensure that people struggling with mental health challenges also have access to the care and support they require based on their circumstances. For some individuals, these services can have a tangible impact and help them avoid even more critical situations, such as a period of homelessness.

Significant efforts have been made since 2018 to prevent homelessness and support people with mental health challenges, including measures under the interdepartmental action plan on homelessness and the interdepartmental action plan on mental health. The government wishes to continue its commitment in Budget 2026-2027.

This budget therefore provides a structured response that is part of a continuum of intervention to address homelessness and mental health challenges. To that end, funding of \$264.3 million will be provided over five years:

- \$89.9 million to help people who are experiencing homelessness;
- \$174.4 million to better address mental health challenges.

TABLE D.5

Financial impact of the measures to address homelessness and mental health challenges

(millions of dollars)

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Helping people who are experiencing homelessness	-42.4	-15.9	-16.0	-7.8	-7.8	-89.9
Better addressing mental health challenges	-18.4	-38.2	-46.4	-35.7	-35.7	-174.4
TOTAL	-60.8	-54.1	-62.4	-43.5	-43.5	-264.3

□ Helping people who are experiencing homelessness

There are still substantial needs with respect to addressing homelessness, even with the investments made in recent years.

In order to consolidate and enhance the actions taken to help people who are experiencing homelessness and those at risk of becoming homeless, the government is allocating \$89.9 million over five years in Budget 2026-2027 to address this social issue that affects all of Québec.

These investments are part of a continuum of services approach to combat homelessness. Therefore, in addition to announcing immediate measures related to access to housing,¹ Budget 2026-2027 provides for initiatives to prevent homelessness and support people who are experiencing homelessness:

- \$27.0 million over five years to enhance funding for the Administrative Housing Tribunal's eviction prevention project to help more people at imminent risk of homelessness following an eviction order from their landlord;
- \$21.4 million over three years to provide 1 000 new units under the Rent Supplement Program to prevent cases of people ending up without housing, particularly in anticipation of July 1;
- \$7.7 million in 2026-2027 to continue the Société d'habitation du Québec's Temporary Accommodation and Housing Search Assistance Program, which provides reimbursement for certain expenses borne by municipalities and housing offices that support households seeking housing, particularly as July 1 approaches;
- \$24.8 million in 2026-2027 to ensure the continuity of services in matters of homelessness, in particular by offering personalized support to people who are experiencing homelessness and enhancing the supply of emergency and transitional housing;
- \$9.0 million over five years for the homelessness, mental health and addiction reintegration program² to strengthen services for people experiencing homelessness suffering from serious mental disorders or addictions.

¹ Details of the measures aimed at supporting access to housing are presented on page D.17.

² This program aims to provide rapid access to intensive clinical and psychosocial support to promote residential stabilization and recovery for people experiencing homelessness suffering from serious mental disorders or addictions.

TABLE D.6

Financial impact of the measures to help people who are experiencing homelessness

(millions of dollars)

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	Total
Preventing homelessness among people evicted from their housing ⁽¹⁾	-3.0	-6.0	-6.0	-6.0	-6.0	-27.0
Granting 1 000 new emergency units under the Rent Supplement Program in anticipation of July 1 ⁽²⁾	-5.1	-8.1	-8.2	—	—	-21.4
Continuing to assist households that are homeless or seeking housing ⁽²⁾	-7.7	—	—	—	—	-7.7
Ensuring continuity of services in matters of homelessness ⁽¹⁾	-24.8	—	—	—	—	-24.8
Consolidating the homelessness, mental health and addiction reintegration program ⁽¹⁾	-1.8	-1.8	-1.8	-1.8	-1.8	-9.0
TOTAL	-42.4	-15.9	-16.0	-7.8	-7.8	-89.9

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Santé et des Services sociaux.

(2) The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation.

Over \$1.1 billion in funding planned since fall 2021 to prevent and reduce homelessness

The government recognizes the significance of the issues associated with homelessness. These complex and multiple issues have intensified in recent years.

Faced with the urgent need to take action, a number of initiatives have been implemented to increase support for people experiencing or at risk of homelessness. Since fall 2021, over \$1.1 billion in funding has been announced for various measures aimed at preventing and reducing homelessness:

- \$277 million for the interdepartmental action plan on homelessness 2021-2026;¹
- \$614 million for providing housing assistance or building housing for people experiencing or at risk of homelessness;
- \$168 million for increasing support for emergency shelters;
- \$50 million for other actions, in particular to improve support services and police and psychosocial intervention services.

¹ On December 12, 2025, the government announced a one-year extension of the measures set out in the interdepartmental action plan on homelessness 2021-2026.

□ Better addressing mental health challenges

Individuals with mental health challenges need services and care tailored to their reality.

With this in mind, in Budget 2026-2027, the government is announcing \$174.4 million over five years for initiatives to better address the different challenges faced by people with mental health concerns.³ Of this amount, it is earmarking:

- \$104.4 million to modernize the *Act respecting the protection of persons whose mental state presents a danger to themselves or to others* to enable the implementation of measures to improve interventions for these individuals;⁴
- \$60.0 million to consolidate and enhance access to mental health services and enable a tailored response to diverse mental health needs, in particular to ensure that these services are more evenly distributed across the province and better adapted to local realities;
- \$10.0 million to maintain the presence of prosecutors at Review Board for mental disorders hearings.

TABLE D.7

Financial impact of the measures to better address mental health challenges (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Modernizing the <i>Act respecting the protection of persons whose mental state presents a danger to themselves or to others</i> ⁽¹⁾	-11.4	-26.2	-29.4	-18.7	-18.7	-104.4
Consolidating and enhancing access to mental health services ⁽²⁾	-5.0	-10.0	-15.0	-15.0	-15.0	-60.0
Maintaining the presence of prosecutors at Review Board for mental disorders hearings ⁽³⁾	-2.0	-2.0	-2.0	-2.0	-2.0	-10.0
TOTAL	-18.4	-38.2	-46.4	-35.7	-35.7	-174.4

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Santé et des Services sociaux (\$39.9 million) and the Ministère de la Justice (\$64.5 million).

(2) The appropriations will be granted to the Ministère de la Santé et des Services sociaux.

(3) The appropriations will be granted to the Ministère de la Justice.

³ In addition to this amount, the government is providing \$1.1 million for the renovation of a residence for people with mental health issues in Nunavik. For more details, see page D.19.

⁴ This initiative brings together several concerted actions under the jurisdiction of the Ministère de la Santé et des Services sociaux and the Ministère de la Justice to be announced at a later date.

1.3 **Combatting domestic and sexual violence**

The number of femicides committed in Québec in the first few months of 2026 demonstrates the importance of continuing efforts to meet the needs of victims of violence.

To that end, the government is announcing an additional investment of \$260.3 million over five years:

- \$91.0 million over five years to enhance support for shelters for women who are victims of domestic violence, which play a central role in supporting women and children affected by domestic violence;
- \$90.6 million over three years to renew the 2021-2026 government action plan in response to the recommendations of the Select Committee on the Sexual Exploitation of Minors, tabled in December 2020, which will enable continued efforts to combat this unacceptable phenomenon;
- \$72.5 million over five years to complete the permanent deployment of the court specialized in sexual and domestic violence, which will enable the provision of adapted and safe support to victims of sexual and domestic violence and their loved ones;
- \$6.2 million over four years to continue the Shelter Enhancement Program, which provides assistance to non-profit organizations that operate housing for women and young people aged 30 and under fleeing domestic violence. This program ensures these shelters are safe and functional.

TABLE D.8

Financial impact of the measures to combat domestic and sexual violence
 (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Enhancing support for shelters for women who are victims of violence ⁽¹⁾	-12.0	-15.0	-18.0	-21.0	-25.0	-91.0
Renewing the action plan to combat the sexual exploitation of minors ⁽²⁾	-29.1	-30.8	-30.7	—	—	-90.6
Completing the deployment of the court specialized in violence ⁽³⁾	-14.5	-14.5	-14.5	-14.5	-14.5	-72.5
Continuing the Shelter Enhancement Program ⁽⁴⁾	-0.2	-2.0	-2.1	-1.9	—	-6.2
TOTAL	-55.8	-62.3	-65.3	-37.4	-39.5	-260.3

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Santé et des Services sociaux.

(2) Renewing the 2021-2026 government action plan in response to the recommendations of the Select Committee on the Sexual Exploitation of Minors. The appropriations will be granted to the Ministère de la Sécurité publique (\$78.3 million), the Ministère de la Justice (\$11.7 million) and the Ministère du Tourisme (\$0.6 million). Investments of \$0.4 million are provided for in the 2026-2036 Québec Infrastructure Plan.

(3) The appropriations will be granted to the Ministère de la Justice.

(4) The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation.

Support for shelters for women who are victims of domestic violence

The additional financial support granted in Budget 2026-2027 to shelters for women who are victims of domestic violence is on top of the sums that have been granted in recent years.

Funding for these shelters will reach \$190.3 million per year as of 2030-2031, representing an increase of approximately 15%.

- Accordingly, funding for first-stage shelters will increase from \$139.5 million to \$160.5 million, representing a recurring funding increase of \$21.0 million.
- For second-stage shelters, funding will increase from \$25.8 million to \$29.8 million, representing a recurring increase of \$4.0 million.

Since 2019-2020, the government will have more than doubled the annual funding provided to shelters for women who are victims of domestic violence. This amount will thus increase from \$77.2 million in 2019-2020 to \$190.3 million in 2030-2031.

Financial support provided for services in shelters

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
First-stage shelters						
Current funding ⁽¹⁾	139.5	139.5	139.5	139.5	139.5	697.5
Budget 2026-2027	9.0	12.0	15.0	17.5	21.0	74.5
Subtotal	148.5	151.5	154.5	157.0	160.5	772.0
Second-stage shelters						
Current funding	25.8	25.8	25.8	25.8	25.8	129.0
Budget 2026-2027	3.0	3.0	3.0	3.5	4.0	16.5
Subtotal	28.8	28.8	28.8	29.3	29.8	145.5
TOTAL	177.3	180.3	183.3	186.3	190.3	917.5

(1) In 2019-2020, government support granted to shelters for women who are victims of domestic violence was \$77.2 million.

1.4 Supporting access to housing

Since 2018, the government has taken significant steps to improve access to housing, particularly for households in more precarious financial situations and for vulnerable individuals with special needs.

These recent actions have, among other things, increased the supply of affordable social housing, made it easier for certain households to pay their rent and kept the current housing stock in good condition.

To further support access to housing, in Budget 2026-2027, the government is providing \$740.9 million over three years, including:

- \$209.0 million to build 1 000 affordable housing units;
- \$259.5 million to secure access to housing for the most vulnerable households;
- \$272.4 million to adapt and renovate the housing stock.

TABLE D.9

Financial impact of the measures to support access to housing (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Building 1 000 affordable housing units ⁽¹⁾	-46.1	-137.0	-25.9	—	—	-209.0
Securing access to housing for the most vulnerable households	-99.3	-60.0	-100.2	—	—	-259.5
Adapting and renovating the housing stock	-146.9	-91.8	-33.7	—	—	-272.4
TOTAL	-292.3	-288.8	-159.8	—	—	-740.9

(1) The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund. Investments of \$209 million are provided for in the 2026-2036 Québec Infrastructure Plan.

❑ **Building 1 000 affordable housing units**

The need for affordable housing remains high in several regions of Québec. As pressure on the rental market limits access to affordable housing, the government wishes to continue the actions taken in recent years to increase the supply of this type of housing for low-income households.

In Budget 2026-2027, the government is announcing \$209.0 million over three years to promote the construction of more than 1 000 affordable housing units across Québec.

■ **Meeting the needs of low-income households**

With these sums, the government is continuing its efforts to stimulate the supply of affordable housing in Québec, thereby enabling low- and moderate-income households to access housing that is within their means.

The projects will mainly be carried out under the Québec Affordable Housing Program (PHAQ), which will help increase the supply of quality, financially accessible housing for the population by 1 000 units.

Taking these new calls for projects into account, nearly 33 000 affordable housing units have been built since 2018-2019 or will be in the coming years, through the collaboration of non-profit organizations, housing offices, housing cooperatives and developers in the construction sector.

Several levers for building affordable housing

The government has adopted various means, which are in line with the Québec housing strategy, to build affordable housing.

- The Québec Affordable Housing Program (PHAQ),¹ established in 2022, makes it possible to construct housing whose rent is regulated by the Société d'habitation du Québec (SHQ) so it remains affordable for the target households.
- Agreements were concluded with Desjardins and the Fonds de solidarité FTQ, who quickly built affordable housing using new financing models.
- The SHQ also made agreements with housing developers, allowing the government to be more agile in granting financial assistance for projects.

Furthermore, the government endowed the SHQ with financial tools enabling it to offer various types of financial leverage. In addition to grants, some projects may therefore provide for concessionary loans and loan guarantees.

¹ The PHAQ provides financial support for developers in the community and private sectors to build affordable housing for low- and moderate-income households. Generally speaking, housing built under the PHAQ is rented at around the median rent observed on the rental market for comparable housing in the area.

❑ **Securing access to housing for the most vulnerable households**

Housing is one of the main expenses for households. According to the Canada Mortgage and Housing Corporation, the average rent in Québec rose from \$845 in 2020 to \$1 232 in 2025, representing an average annual increase of approximately 8%. This increase has an impact on the financial capacity of households, particularly those that are less affluent.

Furthermore, due to the specific climatic and economic conditions in Nunavik, the housing stock there requires more frequent and costly repairs than in the rest of Québec. Access to affordable housing remains essential in this region, where the private housing market is particularly difficult to access.

In Budget 2026-2027, the government is planning to invest \$259.5 million over three years to secure access to housing for the most vulnerable households. Of this amount, the government is announcing:

- \$185.9 million over three years to renew units under the Rent Supplement Program whose funding is about to expire, thereby preventing households, which pay only 25% of their income in rent, from ending up on the street;⁵
 - Beyond these renewals, the government is adding 1 000 emergency units under the Rent Supplement Program to address specific situations.⁶
- \$52.7 million in 2026-2027 to fund the operating deficit of the low-rent housing stock,⁷ which, given their nature, may operate at a loss because the revenue from the rent paid for these housing units does not always cover all the costs associated with maintenance, electricity and insurance;
- \$20.9 million over three years to maintain the accessible housing stock in Nunavik, of which \$19.8 million will go to rebuilding low-rent housing destroyed by disasters and \$1.1 million will go to supporting the renovation of a residence for people with mental health issues.

⁵ As at March 2026, 42 594 units under the Rent Supplement Program had been granted to households.

⁶ This measure is presented on page D.11.

⁷ Part of this amount will be used to preserve housing for Nunavik residents.

TABLE D.10

Financial impact of the measures to secure access to housing for the most vulnerable households

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Renewing units under the Rent Supplement Program	-44.5	-55.0	-86.4	—	—	-185.9
Funding the operating deficit of social housing	-52.7	—	—	—	—	-52.7
Ensuring the maintenance of accessible housing stock in Nunavik ⁽¹⁾	-2.1	-5.0	-13.8	—	—	-20.9
TOTAL	-99.3	-60.0	-100.2	—	—	-259.5

Note: The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

(1) Investments totalling \$20.9 million are provided for in the 2026-2036 Québec Infrastructure Plan.

Rent assistance programs

Low- and moderate-income households can benefit from, in particular, two programs designed to ease the burden of housing costs:

- the Rent Supplement Program;
- the Shelter Allowance Program.

In 2024-2025, these two programs provided nearly \$388 million in housing assistance to more than 168 000 Québec households.

Rent Supplement Program

The Rent Supplement Program allows low-income households to live in rental housing while respecting their financial capacity and to address emergencies, including in anticipation of July 1. The rent paid is equivalent to 25% of the household income. The difference from the actual rent is paid by the government.

Since 2018, the number of Québec households benefiting from a rent supplement has increased by 30%, from 32 741 to 42 594 households.

Shelter Allowance Program

The Shelter Allowance Program offers additional financial assistance to low-income households that spend an excessive portion of their income on housing. It is intended for families with children or for persons 50 years of age or over, whether they are renters or homeowners.

Since 2022, the program has been significantly enhanced. In addition to benefiting from expanded eligibility criteria, households can now receive housing assistance of up to \$170 per month, compared to the previous maximum of \$80.

The broadening of the program's eligibility criteria has contributed to an increase in the number of beneficiary households from 50 032 for the 2021-2022 program year¹ to 125 463 for the 2024-2025 program year, an increase of 75 431 beneficiary households.

¹ The programming year runs from October to September.

❑ Adapting and renovating the housing stock

The government recognizes the importance for Québec households to have quality housing that meets their needs. It therefore intends to continue its efforts to improve the living conditions of low-income households or those with special housing needs.

Budget 2026-2027 is providing an additional \$272.4 million over three years to increase funding for various adaptation and renovation programs administered by the Société d'habitation du Québec. Of this amount:

- \$236.5 million over three years is earmarked to accelerate the renovation of low-rent housing stock, which, given its aging state, requires significant renovations in order to be preserved and ensure adequate living conditions for the households that live there;
- \$30.0 million over two years to continue the Residential Adaptation Assistance Program, which helps homeowners cover the cost of adaptations needed to make their dwelling barrier-free for residents with disabilities to enable them to stay in their home longer;⁸
- \$5.9 million in 2026-2027 to continue the RénoRégion program, which provides financial assistance to low- and moderate-income owner-occupants living in rural areas, for work to correct major defects in their homes.⁹ Considering the amounts already announced, \$18.2 million will be allocated to this program in 2026-2027.

TABLE D.11

Financial impact of the measures to adapt and renovate the housing stock (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Renovating low-rent housing stock ⁽¹⁾	-118.5	-84.3	-33.7	—	—	-236.5
Continuing the Residential Adaptation Assistance Program	-22.5	-7.5	—	—	—	-30.0
Continuing the RénoRégion program	-5.9	—	—	—	—	-5.9
TOTAL	-146.9	-91.8	-33.7	—	—	-272.4

Note: The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

(1) Investments of \$168.6 million are provided for in the 2026-2036 Québec Infrastructure Plan.

⁸ The Residential Adaptation Assistance Program funds work to facilitate movement within the home, replace lifting devices or repair certain specialized equipment such as patient lifts and electric door openers.

⁹ To be eligible for the RénoRégion program, the work must relate to specific components of the dwelling, such as its exterior walls, roofing, structure, electrical work, plumbing or insulation.

Investments in housing since fall 2018

Nearly \$7.9 billion for vulnerable or low-income households

Since fall 2018, including the measures in this budget, the government has announced nearly \$7.9 billion through 2030-2031 to help vulnerable or low-income households with housing. In particular, this amount includes:

- nearly \$4.3 billion for housing construction, notably through the Québec Affordable Housing Program, agreements with tax-advantaged funds and partnerships with major experienced developers;
- more than \$1.3 billion to help less affluent households cover their housing costs through the Rent Supplement Program and the Shelter Allowance Program;
- nearly \$734 million to renovate the low-rent housing stock and more than \$162 million to fund its operating deficit;
- nearly \$578 million to fund various home adaptation and renovation programs administered by the Société d'habitation du Québec;
- more than \$500 million to enhance the housing component of the solidarity tax credit;
- more than \$91 million to help Indigenous populations remain in housing.

More than \$2.9 billion to promote home ownership

Over the same period, the government has allocated more than \$2.9 billion to promote home ownership through various fiscal measures, including:

- nearly \$276 million to double the amount of the first-time home buyers' tax credit;
- nearly \$2.7 billion to align with the federal government following the announcement of the first home savings account (FHSA) and the recent enhancement of its Home Buyers' Plan (HBP).

Combining these investments with those aimed at more vulnerable households, more than \$10.8 billion has been invested in housing.

Investments in housing since fall 2018

(millions of dollars)

	Before 2026- 2027	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Measures for low-income earners	-5 006	-1 394	-815	-391	-150	-126	-7 882
Homeownership measures	-893	-394	-402	-410	-419	-429	-2 947
TOTAL	-5 899	-1 788	-1 217	-800	-570	-556	-10 829

Note: Totals may not add due to rounding.

1.5 Strengthening services for vulnerable individuals

In a context where the needs of community organizations remain high in every region of Québec, the government wishes to continue its efforts to support them and enable them to continue to offer services adapted to the most vulnerable individuals.

To that end, the government is announcing \$257.1 million over five years in Budget 2026-2027 to strengthen services for vulnerable individuals:

- \$157.6 million over five years to support community organizations;
- \$61.0 million over five years to ensure food bank supplies;
- \$38.5 million over two years to continue supporting vulnerable individuals.

In addition, the Québec government has announced that Revenu Québec will automatically file tax return for certain clientele. This new initiative will automate the payment of certain types of tax assistance to a greater number of vulnerable individuals and ensure that they receive the support to which they are entitled.

These initiatives aim to maintain the accessibility and continuity of services offered to the public, while supporting environments that contribute to social vitality and community cohesion.

TABLE D.12

Financial impact of the measures to strengthen services for vulnerable individuals (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting community organizations	-45.6	-52.0	-20.0	-20.0	-20.0	-157.6
Ensuring food bank supplies	-21.0	-10.0	-10.0	-10.0	-10.0	-61.0
Continuing to support vulnerable individuals	-14.2	-24.3	—	—	—	-38.5
Automating income tax return filing	—	—	—	—	—	—
TOTAL	-80.8	-86.3	-30.0	-30.0	-30.0	-257.1

□ Supporting community organizations

Community organizations and volunteers work daily to support Quebecers facing difficulties and to provide thoughtful assistance in their journey. The government recognizes the essential services they provide, which often complement those offered by the state.

In Budget 2026-2027, the government is allocating \$157.6 million over five years to strengthen its financial support for community organizations so that they can continue their efforts with the public. Of this amount, the government is announcing:

- \$100.0 million over five years to support the overall mission of community organizations linked to the health and social services network and funded by the support program for community organizations (PSOC);¹⁰
- \$45.6 million over two years to ensure continued support for the overall mission of community organizations involved in the collective defence of rights, citizen engagement and community development, as well as those with a multisectoral focus;
- \$12.0 million in additional funds in 2026-2027 for the volunteer support program, bringing the total program budget to \$22.4 million. This program addresses community needs, particularly in the areas of recreation, sports and community action.

TABLE D.13

Financial impact of the measures to support community organizations (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting the overall mission of community organizations in health and social services ⁽¹⁾	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
Renewing support for the overall mission of certain community organizations ⁽²⁾	-13.6	-32.0	—	—	—	-45.6
Funding the volunteer support program ⁽²⁾	-12.0	—	—	—	—	-12.0
TOTAL	-45.6	-52.0	-20.0	-20.0	-20.0	-157.6

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Santé et des Services sociaux.

(2) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale.

¹⁰ These community organizations offer services that complement those of the state, working primarily in the areas of homelessness, shelter for victims of domestic violence, addiction and mental health.

Increasing and predictable investments for the community sector

Community organizations contribute significantly to the vitality of communities and to supporting individuals in vulnerable situations. They are involved in various sectors of activity, including food security, housing and health and social services, and contribute to maintaining social cohesion throughout the regions of Québec.

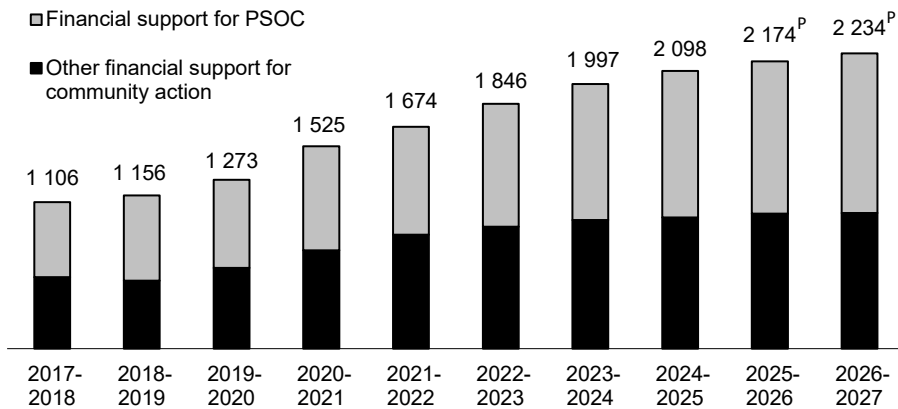
In recent years, the government has steadily increased funding for the community sector. The 2022-2027 government action plan in the community action field confirmed the importance of stable, significant and recurring funding to support the overall mission.

- Considering the amounts provided for in this budget, the annual envelope for the support program for community organizations (PSOC), which benefits nearly 3 500 community organizations, has more than doubled over the past 10 years to \$1.2 billion in 2026-2027.
- Considering investments already made, government support for the community sector will reach \$2.2 billion in 2026-2027, more than double the 2017-2018 level, representing average annual growth of 8.1%.

To ensure predictable funding and continue dialogue with community partners, the government will begin work next year on developing the 2027-2032 government action plan in the community action field.

Changes in government financial support for community action

(millions of dollars)



P: Projection.

PSOC: Support program for community organizations.

Note: Financial support includes all types of funding, including support for the overall mission.

□ Ensuring food bank supplies

The rising cost of groceries in recent years is putting significant pressure on families. This situation has led some of them to seek food aid services for the first time.

In order to meet the significant demand for food aid, the government wishes to continue its recent efforts and is providing in Budget 2026-2027:

- \$21.0 million in 2026-2027 to increase funding to the Food Banks of Québec, enabling it to distribute more food;
- \$40.0 million over four years, starting in 2027-2028, for appropriate food storage, preservation and refrigeration to prevent losses, by extending the infrastructure program of the Food Banks of Québec organization.

TABLE D.14

Financial impact of the measures to ensure food bank supplies (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Increasing funding to the Food Banks of Québec organization ⁽¹⁾	-21.0	—	—	—	—	-21.0
Extending the infrastructure program of the Food Banks of Québec organization ⁽²⁾	—	-10.0	-10.0	-10.0	-10.0	-40.0
TOTAL	-21.0	-10.0	-10.0	-10.0	-10.0	-61.0

(1) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

(2) The appropriations will be granted to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. These investments are provided for in the 2026-2036 Québec Infrastructure Plan.

A \$266 million investment to support food aid organizations since 2022

Since 2022, the government has allocated nearly \$205 million to support food aid organizations for the period from 2022-2023 to 2028-2029.¹

– In addition to these amounts, \$61 million is set aside in Budget 2026-2027 for the Food Banks of Québec organization.

Therefore, the total amount allocated to support food aid organizations for the period from 2022-2023 to 2030-2031 is \$266 million.²

Sustained investments with the Food Banks of Québec organization

The government recognizes the central role played by the Food Banks of Québec organization in supporting households experiencing food insecurity. To that end, it has strengthened its support for the organization in recent years, particularly for the purchase of food and the development of its network's capabilities throughout Québec.

With the announcements in Budget 2026-2027, a total of \$178 million will have been allocated to this organization since fall 2022, including \$35.5 million in 2026-2027.

Amounts allocated to the Food Banks of Québec since fall 2022

(millions of dollars)

	Before 2026- 2027	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Previous publications	-35.0	-5.0	—	—	—	—	-40.0
2023 update	-10.0	—	—	—	—	—	-10.0
Budget 2024-2025	-40.0	—	—	—	—	—	-40.0
Budget 2025-2026	-16.5	-9.5	-1.0	—	—	—	-27.0
Budget 2026-2027	—	-21.0	-10.0	-10.0	-10.0	-10.0	-61.0
TOTAL	-101.5	-35.5	-11.0	-10.0	-10.0	-10.0	-178.0

1 This investment includes sums stemming from an agreement with the Government of Canada to support school food aid services.

2 These are the amounts allocated to food aid organizations since fall 2022, excluding recurring amounts. These organizations are Food Banks of Québec, the Breakfast Club of Canada, La Cantine pour tous, La Tablée des chefs and the Fondation OLO.

❑ Continuing to support vulnerable individuals

The government recognizes the importance of taking into consideration the specific experiences of certain clientele who require additional support due to the challenges they face.

- These may include people who are further removed from the labour market, people with disabilities, people facing exceptional circumstances, crime victims and people with special needs related to mental health challenges.

In Budget 2026-2027, the government is announcing \$38.5 million over two years to continue supporting vulnerable individuals:

- \$12.0 million to support the compensation program for victims of criminal offences to improve case processing, reduce delays and maintain service quality;
- \$13.3 million to support people with disabilities after they finish work programs;¹¹
- \$13.2 million to support the mobility of people with disabilities by consolidating financial assistance for the purchase of an adapted collective transportation vehicle or the adaptation of a collective transportation or personal vehicle, which will increase the available envelope from \$24.6 million to \$37.8 million over two years.

TABLE D.15

Financial impact of the measures to continue supporting vulnerable individuals (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting the compensation program for victims of criminal offences ⁽¹⁾	-6.0	-6.0	—	—	—	-12.0
Supporting people with disabilities after they finish work programs ⁽²⁾	-1.7	-11.6	—	—	—	-13.3
Supporting the mobility of people with disabilities ⁽³⁾	-6.5	-6.7	—	—	—	-13.2
TOTAL	-14.2	-24.3	—	—	—	-38.5

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Justice.

(2) The appropriations will be granted to the Ministère de l'Emploi et de la Solidarité sociale.

(3) The appropriations will be granted to the Ministère des Transports et de la Mobilité durable.

¹¹ A work program provides a structured setting for people with disabilities to perform vocational or pre-vocational activities suited to their needs and abilities under the supervision of a facilitator. It is primarily designed to promote skills development and social inclusion.

❑ Automating Québec income tax return filing

Even if they have no taxable income, taxpayers must file a tax return in order to receive the tax assistance to which they are entitled, such as the solidarity tax credit or work premium.

— For illustration purposes, a low-income individual who files a tax return may be entitled to at least \$1 570 in tax assistance through the work premium and the QST component of the solidarity tax credit.

However, approximately 3% to 5% of the population does not file a Québec income tax return. These individuals, who are generally vulnerable people, are missing out on valuable assistance that could make a tangible impact on their personal finances.

To ensure that all eligible taxpayers receive the tax assistance to which they are entitled, the government announced in Budget 2026-2027 that Revenu Québec will automatically file tax returns for at least 10 000 individuals whose tax situation is simple and stable over time, starting in the 2026 taxation year.¹²

The specific criteria for selecting taxpayers and the procedures for automatic income tax return filing will be determined by spring 2027. In addition, work will be done to increase the information available to Revenu Québec with a view to expanding the targeted individuals.

¹² For Revenu Québec to be able to file a tax return on behalf of an individual, tax legislation will need to be amended by spring 2027.

An initiative that builds on the simplified tax return pilot project implemented by Revenu Québec since 2023

Since the 2023 taxation year, Revenu Québec has spearheaded a pilot project enabling eligible individuals with a simple tax situation to file simplified income tax returns.

- The simplified income tax return is filled out by Revenu Québec and sent to eligible individuals, and it is then completed based on their answers to simple questions about their situation.
- If no action is taken by the individual, the pre-filled income tax return is not considered valid and they will not be able to receive tax assistance.

Conversely, the automated filing announced in this budget will not require any action on the part of the taxpayer to be considered valid.

The pilot project is currently open to recipients of last resort financial assistance or benefits under the Basic Income Program, young people between the ages of 18 and 30 with incomes below \$61 500, and low-income individuals with simple tax situations. The number of individuals using this service doubled between the 2023 and 2024 taxation years, and the satisfaction rate among these users reached 96%.

For the 2025 taxation year, the project is being expanded to include students. Revenu Québec plans to invite a total of 335 000 individuals to use this service in the spring of 2026.

1.6 **Nearly \$60 billion for the benefit of Quebecers since fall 2018**

The government has taken measures totalling nearly \$60 billion for the period from 2018-2019 to 2028-2029 to improve the population's standard of living. Within this period, the government has:

- lowered the tax rate for the first two brackets, resulting in savings of \$11.1 billion;
- introduced measures totalling \$9.8 billion to help cope with the cost of living, including three one-off cost-of-living support payments and a 3% cap on the indexation of rates;
- increased the Family Allowance and reduced school taxes, including with the 3% cap on school tax increases maintained in this budget, measures that account for most of the additional \$21.1 billion dedicated to families;
- introduced and enhanced the senior assistance amount, providing \$12.8 billion in support to low- and middle-income seniors.

Accordingly, the choices the government has made since 2018 have helped return a lot more money to Quebecers.

For example, in 2026-2027, the government will return more than \$7.0 billion to Quebecers. The average Quebecer will thus have an additional \$961 to meet their needs.

TABLE D.16

Financial impact of the actions to benefit Quebecers since fall 2018 (millions of dollars)

	2018-2019 to 2025-2026	2026- 2027	2027- 2028	2028- 2029	Total
Lowering taxes	-5 506	-1 802	-1 857	-1 913	-11 079
Coping with the cost of living ⁽¹⁾	-8 653	-364	-377	-384	-9 778
Families ⁽²⁾	-13 557	-2 508	-2 505	-2 553	-21 123
Senior assistance amount ⁽³⁾	-7 391	-1 760	-1 796	-1 832	-12 778
Other measures for seniors and caregivers ⁽⁴⁾	-1 041	-291	-304	-319	-1 955
Workers ⁽⁵⁾	-873	-112	-114	-115	-1 214
Housing ⁽⁶⁾	-530	-189	-109	-79	-906
Review of tax expenditures ⁽⁷⁾	321	325	560	610	1 815
Other measures ⁽⁸⁾	-1 620	-315	-289	-288	-2 513
TOTAL	-38 850	-7 018	-6 791	-6 872	-59 530

Notes: The amounts presented are announced expenditures as well as projections of these up to 2028-2029.
Actual expenditures for the measures implemented may differ.
Totals may not add due to rounding.

- (1) Payments of the three one-off cost-of-living amounts, the 3% cap on the indexation of rates, and the enhanced first-time home buyers' tax credit.
- (2) The single school tax rate and assistance to limit its increase in June of 2022, 2023, 2024, 2025 and 2026 (the assistance for 2026 being announced in this budget), as well as the enhanced tax credit for childcare expenses, the Family Allowance, the single rate for subsidized childcare, support for disabled children and the exemption for support payments in respect of dependent children.
- (3) The introduction of and two increases to the senior assistance amount.
- (4) The enhanced tax credit for home-support services for seniors and the refundable tax credit for caregivers.
- (5) The enhanced tax credit for career extension and the deduction for telework expenses.
- (6) The enhanced Shelter Allowance Program and housing component of the solidarity tax credit.
- (7) Among other things, optimization of the tax credit for career extension, measures to simplify the tax system, notably harmonizing the rate of the tax on insurance premiums and that of the QST, measures to update the tax system, including abolishing the tax shield, and measures to foster the funding of public services, notably introducing an annual contribution for electric and plug-in hybrid vehicles.
- (8) The See Better to Succeed program, reduced parking rates at health care institutions, quality-of-life measures for caregivers (including those announced in this budget), the adjustment to the security options deduction for PME innovante, support for the development of Capital régional et coopératif Desjardins, and the abolition of the tax holiday for foreign researchers and foreign experts.

Improving the Voluntary Retirement Savings Plan

Since 2013, the Voluntary Retirement Savings Plan (VRSP) has helped increase Quebecers' savings and offer a collective solution to many workers who do not have access to a retirement plan.

However, several financial institutions have noted certain challenges, including the complexity of compliance requirements and the low value of accumulated assets. As a result, administrators generally favour other options, such as group RRSPs, over the VRSP.

Adapting the VRSP to make it more attractive

The government wants the VRSP to remain a low-cost retirement savings vehicle available to all Quebecers. To that end, Budget 2026-2027 is announcing changes that will make it possible to:¹

- introduce a minimum contribution rate of 2% of salary and the possibility for administrators to close inactive accounts in certain situations;
- increase the management fee cap to 1.50% before QST for all existing investment options;
- simplify the administration of contributions by making it easier to track workers' contributions, and clarify Retraite Québec's expectations regarding administrators' role for this type of plan through guidelines;
- offer employers and administrators greater flexibility, in particular by allowing employees with less than one year of seniority to be enrolled only once a year, replacing the mandatory reminder with the annual submission of a document produced by Retraite Québec, and providing better guidance on contract terminations;
- introduce new investment options requiring an employer contribution of at least 2% of the employee's salary, with management fees of up to 1.75% before QST.

Details of the changes planned in this budget will be announced by Retraite Québec in the near future.

Continuing to examine ways of improving the VRSP

The government will continue to examine the retirement savings vehicles available to workers, including the possibility of establishing a public VRSP and increasing oversight of employer compliance with the *Voluntary Retirement Savings Plans Act* through audits of certain businesses by the Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST).

¹ Introducing the improvements to the VRSP will require legislative and regulatory amendments.

2. ENSURING COMMUNITY RESILIENCE

With the disruptions linked to climate change and the challenges of Québec occupying such a vast territory, it is necessary to build resilient communities with the capacity to anticipate and adapt to adverse climate events.

— To do this, it is essential to support communities with infrastructure that meets the needs of their citizens and to continue taking action to protect the environment.

In this budget, more than \$1.0 billion will be allocated over six years to ensure community resilience.

— Of this amount, the government is allocating \$445.3 million for, in particular, the sustainable maintenance of local and regional infrastructure, supporting the growth and vitality of the metropolitan area and the territories, and the continuation of environmental protection initiatives.

— In addition, \$583.9 million will be allocated to enable the implementation of additional measures to help households adapt to and fight against climate change.

TABLE D.17

Financial impact of the measures to ensure community resilience (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Strengthening communities	-37.0	-81.7	-297.4	-10.7	-9.0	-9.5	-445.3
Supporting adaptation to and the fight against climate change ⁽¹⁾	—	-49.2	-99.8	-153.9	-156.0	-125.0	-583.9
TOTAL	-37.0	-130.9	-397.2	-164.6	-165.0	-134.5	-1 029.2

(1) These amounts will be drawn from the Electrification and Climate Change Fund.

2.1 Strengthening communities

The vitality of Québec's regions depends on strong communities, healthy and safe living environments, and access to the entire territory.

The government appreciates the importance of the communities across Québec that serve as Quebecers' primary living environments, and it wishes to support their vitality. Therefore, it is taking action in Budget 2026-2027 by investing \$445.3 million:

- \$289.1 million over five years to sustainably maintain local and regional infrastructure;
- \$56.8 million over five years to support the growth and vitality of the metropolitan area and the territories;
- \$59.5 million over six years to continue environmental protection initiatives;
- \$25.0 million over five years to consolidate improvements to public services for Indigenous people;
- \$14.9 million over five years to encourage participation in sports, recreation and outdoor activities.

TABLE D.18

Financial impact of the measures to strengthen communities (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Sustainably maintaining local and regional infrastructure	—	-16.5	-270.6	-1.2	-0.4	-0.4	-289.1
Supporting the growth and vitality of the metropolitan area and the territories	—	-46.0	-8.0	-1.6	-0.6	-0.6	-56.8
Continuing environmental protection initiatives	-37.0	-9.0	-9.5	-1.1	-1.2	-1.7	-59.5
Consolidating improvements to public services for Indigenous people ⁽¹⁾	—	-5.0	-5.0	-5.0	-5.0	-5.0	-25.0
Encouraging participation in sports, recreation and outdoor activities	—	-5.2	-4.3	-1.8	-1.8	-1.8	-14.9
TOTAL	-37.0	-81.7	-297.4	-10.7	-9.0	-9.5	-445.3

(1) The amounts will be drawn from the Contingency Fund.

❑ Sustainably maintaining local and regional infrastructure

Having reliable and safe infrastructure throughout Québec helps ensure the movement of people and goods, and makes communities safer.

In Budget 2026-2027, the government is therefore setting aside \$289.1 million over five years to sustainably maintain Québec's infrastructure:

- \$250.0 million in 2027-2028 to continue assistance to municipalities for maintaining and improving local roads, to provide users with a safe, reliable and efficient road network;¹³
- \$1.7 million over five years to consolidate assistance for managing and developing the Route verte, a network of more than 5 400 kilometres of cycling trails that cross several Québec regions and connect with Ontario, New Brunswick and the United States;¹⁴
- \$10.0 million over two years to renew strategic partnerships in water infrastructure, making it possible, in particular, to continue producing and updating data annually and providing assistance to municipalities for the sustainable management of this infrastructure;
- \$19.4 million over two years to enable safe access to the Eeyou Istchee James Bay region by maintaining the Billy-Diamond Highway, a crucial link in the transportation of food and goods to northern communities;
- \$8.0 million over three years to upgrade the dam and rehabilitate the pumping station on Rivière La Guerre in Montérégie, to prevent flooding and protect farmland.

¹³ This amount is in addition to the \$134.2 million already allocated for this program, bringing the total budget to \$384.2 million in 2027-2028.

¹⁴ This amount is in addition to the \$2.5 million already allocated for the management and implementation of the Route verte, bringing the total budget to \$4.2 million over five years.

TABLE D.19

**Financial impact of the measures to sustainably maintain
local and regional infrastructure**
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Continuing assistance to municipalities for maintaining and improving the local road network ^{(1),(2)}	—	-250.0	—	—	—	-250.0
Consolidating support for the management and development of the Route verte ⁽¹⁾	-0.3	-0.3	-0.3	-0.4	-0.4	-1.7
Supporting sustainable management of municipal water infrastructure ⁽³⁾	-5.0	-5.0	—	—	—	-10.0
Enabling safe access to the Eeyou Istchee James Bay region ⁽¹⁾	-9.7	-9.7	—	—	—	-19.4
Upgrading the dam and rehabilitating the pumping station on Rivière La Guerre ⁽⁴⁾	-1.5	-5.6	-0.9	—	—	-8.0
TOTAL	-16.5	-270.6	-1.2	-0.4	-0.4	-289.1

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère des Transports et de la Mobilité durable.

(2) Investments of \$231.7 million are provided for in the 2026-2036 Québec Infrastructure Plan.

(3) The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation.

(4) The appropriations will be granted to the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation. These investments are provided for in the 2026-2036 Québec Infrastructure Plan.

❑ Supporting the growth and vitality of the metropolitan area and the territories

The vitality of Québec's communities and regions is reflected in their sense of pride, spirit of innovation and willingness to carry out promising projects in order to improve the quality of life of the Quebecers living in their territories. These projects seek to develop modes of transportation to facilitate travel and to build a reliable telecommunications network, as well as to revitalize the living environment.

In Budget 2026-2027, the government is setting aside \$56.8 million over five years for initiatives involving promising and innovative projects that will support the growth and vitality of Québec's territories:

- \$18.0 million in 2026-2027 to facilitate access to regional air transportation, which contributes to the vitality of the regions and diversifies travel options, particularly for residents of isolated or remote communities;¹⁵
- \$20.0 million in 2026-2027 to continue to improve connectivity for Québec's regions with a reliable and resilient network so Quebecers can count on equitable access to high-performance telecommunications services;
- \$1.8 million over three years to revitalize the Université du Québec à Montréal (UQAM) central library, in order to better integrate the building into the urban environment, in particular by redesigning traffic flows, creating study spaces and labs, and providing the student body with modern, adapted facilities;
- \$3.0 million over three years to foster more harmonious coexistence on the UQAM campus, particularly between students and marginalized groups, by providing better security systems and conducting awareness campaigns with community stakeholders;
- \$14.0 million over two years to continue the revitalization of Montréal's East end, overseen by the Metropolitan Region Secretariat.

¹⁵ This amount is in addition to the \$59.0 million already allocated for this program, bringing the total budget to \$77.0 million in 2026-2027.

TABLE D.20

Financial impact of the measures to support the growth and vitality of the metropolitan area and the territories

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Facilitating access to regional air transportation ⁽¹⁾	-18.0	—	—	—	—	-18.0
Continuing to improve connectivity for Québec's regions with a reliable and resilient network ⁽²⁾	-20.0	—	—	—	—	-20.0
Revitalizing the UQAM central library ⁽³⁾	—	—	-0.6	-0.6	-0.6	-1.8
Fostering more harmonious coexistence on the UQAM campus ⁽⁴⁾	-1.0	-1.0	-1.0	—	—	-3.0
Continuing the revitalization of Montréal's East end ⁽⁵⁾	-7.0	-7.0	—	—	—	-14.0
TOTAL	-46.0	-8.0	-1.6	-0.6	-0.6	-56.8

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère des Transports et de la Mobilité durable.

(2) The appropriations will be granted to the Ministère de la Cybersécurité et du Numérique.

(3) Investments of \$12.0 million are provided for in the 2026-2036 Québec Infrastructure Plan for higher education.

(4) The appropriations will be granted to the Ministère de l'Enseignement supérieur.

(5) The appropriations will be granted to the Ministère des Affaires municipales et de l'Habitation. Investments of \$12.0 million are provided for in the 2026-2036 Québec Infrastructure Plan.

□ Continuing environmental protection initiatives

Providing the means to protect the environment has long been one of the government's core objectives. That is why it wishes to continue working toward this goal by supporting selective collection and preserving natural environments through concrete actions that have a positive and lasting impact.

In Budget 2026-2027, the government is setting aside \$59.5 million over six years for environmental protection initiatives:

- \$27.0 million in 2025-2026 to support Éco Entreprises Québec, which runs the modernized waste recovery and recycling system. This is a one-time measure to ensure the transition between the old and new systems;
- \$8.0 million over two years to carry out environmental restoration of former landfill sites in Nunavik, which pose a significant environmental and health risk;
- \$10.0 million in 2025-2026 to support the redevelopment of Parc des Pionniers in Rouyn-Noranda by restoring degraded ecosystems and public access to nature and outdoor recreation with cycling and walking paths;
- \$5.3 million over five years to support stakeholders in the rehabilitation of Lac Saint-Pierre to enable agricultural producers and environmental organizations to develop practices for conservation, wildlife habitat restoration and the establishment of permanent grasslands to rehabilitate its ecosystem;
- \$9.2 million over two years to ensure wildlife monitoring and response activities in southern Québec.

TABLE D.21

Financial impact of the measures to continue environmental and biodiversity protection initiatives

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Éco Entreprises Québec in the financial and operational management of selective collection ⁽¹⁾	-27.0	—	—	—	—	—	-27.0
Carrying out environmental restoration of former landfill sites in Nunavik ⁽²⁾	—	-4.0	-4.0	—	—	—	-8.0
Supporting the rehabilitation of Parc des Pionniers in Rouyn-Noranda ⁽¹⁾	-10.0	—	—	—	—	—	-10.0
Supporting stakeholders in the rehabilitation of Lac Saint-Pierre ⁽²⁾	—	-0.4	-0.9	-1.1	-1.2	-1.7	-5.3
Ensuring wildlife monitoring and response activities ⁽²⁾	—	-4.6	-4.6	—	—	—	-9.2
TOTAL	-37.0	-9.0	-9.5	-1.1	-1.2	-1.7	-59.5

(1) The amounts will be drawn from the Fund for the Protection of the Environment and the Waters in the Domain of the State.

(2) The appropriations will be granted to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

❑ Consolidating improvements to public services for Indigenous people

The final report of the Public Inquiry Commission on relations between Indigenous Peoples and certain public services in Québec (Viens Commission), released in 2019, recommended 142 actions aimed at improving the delivery of public services to First Nations and Inuit people.

Starting with Budget 2020-2021, the government has taken action several times by allocating funds to implement recommendations that have enhanced the service offer, particularly for Indigenous people living in urban areas, and adapted service delivery by offering culturally safe approaches.

In order to continue efforts to improve public services for Indigenous people in accordance with the recommendations of the Viens Commission, the government is announcing additional funding of \$25.0 million over five years.

Significant investments to support Indigenous communities

The government wishes to support increased contributions by Indigenous communities to Québec's economic vitality and ensure that they benefit more from the spin-offs of new developments. To this end, it continues to support the efforts of First Nations and Inuit people to build strong communities, while respecting their cultural distinctiveness and rights.

As such, additional funds totalling nearly \$90 million over five years are allocated in Budget 2026-2027 to strengthen support for Indigenous communities:

- \$25.0 million over five years to continue implementing the recommendations of the Viens Commission;¹
- \$20.9 million over three years to maintain affordable housing stock in Nunavik;²
- \$8.0 million over two years for the environmental restoration of former landfill sites in Nunavik;³
- \$4.7 million over two years to further support the participation of Indigenous communities and bodies in environmental consultations;⁴
- \$28.0 million over five years to increase access to justice in the Nord-du-Québec region;⁵
- \$1.5 million in 2026-2027 to support the development of the Indigenous workforce.⁵

In addition, the creation of a new \$500-million fund will further support the financial participation of Indigenous communities in economic projects,⁴ which will assist their development.

The government is also planning to amend the tax credit for Québec film and television production to promote the presence of Indigenous narratives in Québec's audiovisual landscape.⁶

In addition, several other measures will benefit Indigenous communities, including those aimed at improving mobility and connectivity in remote areas.

1 This measure is presented on page D.43.

2 This measure is presented on page D.19.

3 This measure is presented on page D.41.

4 For more details, see Section B, "Accelerating Québec's Economic Transformation."

5 For more details, see Section C, "Supporting the Government's Main Missions."

6 For more details, see Section B, "Accelerating Québec's Economic Transformation," as well as Section A of *Additional Information – March 2026*.

❑ Encouraging participation in sports, recreation and outdoor activities

Participation in sports and recreation continues to be essential for improving the well-being and health of the population. To encourage participation, the government wishes to continue investing in improving the accessibility of activities, ensuring the quality of these experiences and promoting regular physical activity.

With this mind, priority is given to extending key measures aimed at expanding access, strengthening equity, and encouraging active and lifelong participation across the entire sports, recreation and outdoor activities sector.

In Budget 2026-2027, the government is allocating \$14.9 million over five years to encourage participation in sports, recreation and outdoor activities:

- \$9.9 million over five years to support recreation for people with disabilities by funding the hiring of support workers, particularly for children aged 6 to 12 in day camps, to encourage their participation in adapted activities;
- \$5.0 million over two years to promote the accessibility of physical activity, sports, and active or outdoor recreation, the quality of these experiences and the promotion of regular participation. This will make it possible to meet communities' needs and maintain a range of services that encourage vulnerable and less active populations, particularly seniors and people with disabilities, to participate in activities.

TABLE D.22

Financial impact of the measures to encourage participation in sports, recreation and outdoor activities (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting participation in recreational activities by people with disabilities	-2.7	-1.8	-1.8	-1.8	-1.8	-9.9
Promoting regular participation in sports, recreation and outdoor activities	-2.5	-2.5	—	—	—	-5.0
TOTAL	-5.2	-4.3	-1.8	-1.8	-1.8	-14.9

Note: The appropriations will be granted to the Ministère de l'Éducation. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

2.2 Supporting adaptation to and the fight against climate change

Québec remains firmly committed to the fight against climate change, while adopting a pragmatic approach in the current global context of economic and political uncertainty.

Investments of \$8.2 billion are scheduled under the 2026-2031 Implementation Plan of the 2030 Plan for a Green Economy for various initiatives benefiting households, businesses and communities.

These funds, which come mainly from carbon market revenues, will enable Québec to adapt to the growing impacts of climate change, reduce greenhouse gas (GHG) emissions, accelerate the energy transition, and support the transformation of society and the economy.

The 2026-2031 Implementation Plan will be announced in the coming weeks by the Minister of the Environment, the Fight Against Climate Change, Wildlife and Parks.

This plan will present all measures funded by the Electrification and Climate Change Fund, including two new initiatives benefiting households:

- \$425.0 million over five years to implement Rénoclimat – Adaptation;
- \$158.9 million over four years to enhance the LogisVert Program.

TABLE D.23

Financial impact of the measures to support adaptation to and the fight against climate change (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Implementing Rénoclimat – Adaptation	-25.0	-50.0	-100.0	-125.0	-125.0	-425.0
Enhancing the LogisVert Program	-24.2	-49.8	-53.9	-31.0	—	-158.9
TOTAL	-49.2	-99.8	-153.9	-156.0	-125.0	-583.9

Note: This table presents the new measures benefiting households provided in the 2026-2031 Implementation Plan of the 2030 Plan for a Green Economy. These amounts will be drawn from the Electrification and Climate Change Fund.

❑ Implementing Rénoclimat – Adaptation

The Rénoclimat Program offers personalized support and financial assistance to homeowners for energy-efficient home renovations.

— For example, this may include insulation or air sealing work, or the replacement of windows and doors.

The government is therefore announcing funding of \$425.0 million over five years to implement a new component of the Rénoclimat program providing direct support to citizens to adapt their homes and make them more resilient to the growing impacts of climate change.

In particular, this funding will provide citizens with financial support for work to protect foundations or install a check valve as protection against stormwater flooding in areas at risk.

❑ Enhancing the LogisVert Program

Hydro-Québec's LogisVert Program provides financial assistance for implementing energy-efficiency measures, enabling households to save on their energy bills.

— For example, this may include financial assistance for installing heat pumps or purchasing energy-efficient household appliances.

In Budget 2026-2027, the government is allocating \$158.9 million over four years to enhance the LogisVert Program, in order to benefit renters, by encouraging owners of multi-unit buildings to install heat pumps.

Total investments of \$9.1 billion in the fight against climate change

Over the next five years, the government plans to invest a total of \$9.1 billion in the fight against climate change:

- \$8.2 billion for the 2026-2031 Implementation Plan of the 2030 Plan for a Green Economy;
- \$534.7 million for other measures already funded by the government and related to climate change adaptation, mainly for projects associated with transportation infrastructure;
- \$353.6 million earmarked specifically to support the climate transition of large industrial businesses exposed to international trade.
 - These amounts are deposited on behalf of companies, within the framework of the carbon market, in order to support their climate transition investments.

These amounts will support households, businesses, municipalities, and civil society organizations in reducing their greenhouse gas emissions, improving energy efficiency and adapting to the effects of climate change.

Global financial framework for the fight against climate change

(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
2026-2031 Implementation Plan ⁽¹⁾	1 471.8	1 577.9	1 687.6	1 760.1	1 736.8	8 234.2
Other measures already funded by the government related to climate change adaptation	72.5	81.4	93.1	143.4	144.4	534.7
Amounts reserved for large industrial businesses ⁽²⁾	27.7	45.7	69.8	102.3	108.1	353.6
TOTAL	1 572.1	1 704.9	1 850.4	2 005.8	1 989.3	9 122.5

Note: Totals may not add due to rounding.

(1) Funding for the 2026-2031 Implementation Plan will be drawn from the Electrification and Climate Change Fund.

(2) These amounts are earmarked in the Electrification and Climate Change Fund. Added to this amount are the sums accumulated since 2023-2024, estimated at nearly \$25 million.

3. PROMOTING QUÉBEC CULTURE AND CULTURAL HERITAGE

Culture contributes to promoting, enriching and shaping Québec society. It also allows us to share memorable entertainment experiences, revisit our past and imagine the future.

In order to promote Québec culture and cultural heritage, the government is providing nearly \$220 million over five years in Budget 2026-2027:

- \$119.0 million to maintain funding for culture in schools and school outings to cultural venues;
- \$58.2 million to support cultural bodies;
- \$39.9 million to preserve our cultural heritage.

TABLE D.24

Financial impact of the measures to promote Québec culture and cultural heritage (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Maintaining funding for culture in schools and school outings to cultural venues ⁽¹⁾	-13.0	-26.5	-26.5	-26.5	-26.5	-119.0
Supporting cultural bodies	-8.3	-11.7	-12.7	-11.8	-13.7	-58.2
Preserving our cultural heritage	-11.0	-14.5	-14.4	—	—	-39.9
TOTAL	-32.3	-52.7	-53.6	-38.3	-40.2	-217.1

(1) The appropriations will be granted to the Ministère de l'Éducation. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

❑ **Maintaining funding for culture in schools and school outings to cultural venues**

The “Culture in Schools” and “School outings to cultural venues” measures help to develop citizens who are open-minded, curious and engaged in their communities. They aim to bring Quebecers closer to arts, culture and cultural heritage by increasing the number of cultural experiences offered throughout their schooling.

- The “Culture in Schools” measure provides financial assistance to schools to carry out cultural projects with artists, writers and organizations.
- The “School outings to cultural venues” measure offers preschool through secondary level students the opportunity to visit professional cultural venues, such as museums, theatres or heritage sites, often free of charge.

Accordingly, in Budget 2026-2027, the government is planning to invest \$119.0 million over five years to maintain funding for culture in schools and school outings to cultural venues.

□ Supporting cultural bodies

To assist cultural bodies in offering services to their various clientele, the government is providing \$58.2 million over five years to support the following activities:

- \$31.3 million to complete the digital transformation of Québec's public library network in order to strengthen interactions between libraries and citizens, promote culture and literacy, and mobilize the network's expertise;
- \$25.0 million to enhance the operational aid program for museums envelope, which will support new museums and increase support for all institutions, particularly those in remote areas;
- \$1.9 million for work at the Maison symphonique de Montréal to replace and maintain specialized equipment to ensure continuity of operations and maintain the venue's performance standards.

TABLE D.25

Financial impact of the measures to support cultural bodies (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Modernizing Québec's library network	-3.2	-6.4	-7.2	-6.3	-8.2	-31.3
Enhancing operational aid for museums	-5.0	-5.0	-5.0	-5.0	-5.0	-25.0
Replacing and upgrading equipment at the Maison symphonique de Montréal ⁽¹⁾	-0.1	-0.3	-0.5	-0.5	-0.5	-1.9
TOTAL	-8.3	-11.7	-12.7	-11.8	-13.7	-58.2

Note: The appropriations will be granted to the Ministère de la Culture et des Communications. The amounts earmarked for 2026-2027 will be drawn from the Contingency Fund.

(1) Investments of \$4.0 million are provided in the 2026-2036 Québec Infrastructure Plan.

❑ Preserving our cultural heritage

Heritage property is part of Québec's cultural landscape, constituting a rich collective asset that must be preserved.

In Budget 2026-2027, the government is setting aside \$39.9 million over three years for initiatives aimed at preserving Québec's heritage:

- \$22.5 million over three years provided in the 2026-2036 Québec Infrastructure Plan for maintaining the Québec Cultural Heritage Fund's operations by improving support for the knowledge, protection, promotion and transmission of cultural heritage;
- \$9.0 million over three years to ensure the future of the Biosphere, which is part of Québec's cultural and scientific heritage, and continue to raise public awareness of major socio-environmental issues by encouraging citizen action and participation;
- \$7.9 million over two years provided for in the 2026-2036 Québec Infrastructure Plan to restore and rehabilitate Maison St-Pierre, located in Montréal's Centre-Sud neighbourhood, so that this heritage building can better meet the needs of community groups struggling to find affordable quarters;
- \$0.5 million in 2026-2027 to continue restoring and rehabilitating Maison René-Lévesque with the aim of bringing this heritage building back to life for the benefit of the Québec and Gaspesian community.

TABLE D.26

Financial impact of the measures to preserve our cultural heritage (millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Enhancing the Québec Cultural Heritage Fund ^{(1),(2)}	-7.5	-7.5	-7.5	—	—	-22.5
Ensuring the future of the Biosphere ⁽³⁾	-3.0	-3.0	-3.0	—	—	-9.0
Restoring and renovating Maison St-Pierre ^{(1),(4)}	—	-4.0	-3.9	—	—	-7.9
Continuing the restoration and rehabilitation of Maison René-Lévesque ⁽¹⁾	-0.5	—	—	—	—	-0.5
TOTAL	-11.0	-14.5	-14.4	—	—	-39.9

Note: The amounts for 2026-2027 will be drawn from the Contingency Fund.

(1) The appropriations will be granted to the Ministère de la Culture et des Communications.

(2) Investments of \$22.5 million are provided for in the 2026-2036 Québec Infrastructure Plan.

(3) The appropriations will be granted to the Ministère de l'Environnement, de la Lutte contre les changements climatiques, de la Faune et des Parcs.

(4) Investments of \$7.95 million are provided for in the 2026-2036 Québec Infrastructure Plan.

FINANCIAL IMPACT

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers							
Helping families cope with the cost of living							
– Converting 5 000 non-subsidized childcare spaces	—	-22.4	-92.5	-92.7	-93.7	-95.2	-396.5
– Capping the school tax increase at 3%	—	-67.0	-95.7	-95.7	-95.7	-95.7	-449.8
Subtotal – Helping families cope with the cost of living	—	-89.4	-188.2	-188.4	-189.4	-190.9	-846.3
Addressing homelessness and mental health challenges							
– Helping people who are experiencing homelessness							
▪ Preventing homelessness among people evicted from their housing	—	-3.0	-6.0	-6.0	-6.0	-6.0	-27.0
▪ Granting 1 000 new emergency units under the Rent Supplement Program in anticipation of July 1	—	-5.1	-8.1	-8.2	—	—	-21.4
▪ Continuing to assist households that are homeless or seeking housing	—	-7.7	—	—	—	—	-7.7
▪ Ensuring continuity of services in matters of homelessness	—	-24.8	—	—	—	—	-24.8
▪ Consolidating the homelessness, mental health and addiction reintegration program	—	-1.8	-1.8	-1.8	-1.8	-1.8	-9.0

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers (cont.)							
Addressing homelessness and mental health challenges (cont.)							
– Better addressing mental health challenges							
▪ Modernizing the <i>Act respecting the protection of persons whose mental state presents a danger to themselves or to others</i>	—	-11.4	-26.2	-29.4	-18.7	-18.7	-104.4
▪ Consolidating and enhancing access to mental health services	—	-5.0	-10.0	-15.0	-15.0	-15.0	-60.0
▪ Maintaining the presence of prosecutors at Review Board for mental disorders hearings	—	-2.0	-2.0	-2.0	-2.0	-2.0	-10.0
Subtotal – Addressing homelessness and mental health challenges	—	-60.8	-54.1	-62.4	-43.5	-43.5	-264.3
Combatting domestic and sexual violence							
▪ Enhancing support for shelters for women who are victims of violence	—	-12.0	-15.0	-18.0	-21.0	-25.0	-91.0
▪ Renewing the action plan to combat the sexual exploitation of minors ⁽¹⁾	—	-29.1	-30.8	-30.7	—	—	-90.6
▪ Completing the deployment of the court specialized in violence	—	-14.5	-14.5	-14.5	-14.5	-14.5	-72.5
▪ Continuing the Shelter Enhancement Program	—	-0.2	-2.0	-2.1	-1.9	—	-6.2
Subtotal – Combatting domestic and sexual violence	—	-55.8	-62.3	-65.3	-37.4	-39.5	-260.3
Supporting access to housing							
– Building 1 000 affordable housing units	—	-46.1	-137.0	-25.9	—	—	-209.0
– Securing access to housing for the most vulnerable households							
▪ Renewing units under the Rent Supplement Program	—	-44.5	-55.0	-86.4	—	—	-185.9
▪ Funding the operating deficit of social housing	—	-52.7	—	—	—	—	-52.7
▪ Ensuring the maintenance of accessible housing stock in Nunavik	—	-2.1	-5.0	-13.8	—	—	-20.9

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers (cont.)							
Supporting access to housing (cont.)							
– Adapting and renovating the housing stock							
▪ Renovating low-rental housing stock	—	-118.5	-84.3	-33.7	—	—	-236.5
▪ Continuing the Residential Adaptation Assistance Program	—	-22.5	-7.5	—	—	—	-30.0
▪ Continuing the RénoRégion program	—	-5.9	—	—	—	—	-5.9
Subtotal – Supporting access to housing	—	-292.3	-288.8	-159.8	—	—	-740.9
Strengthening services for vulnerable individuals							
– Supporting community organizations							
▪ Supporting the overall mission of community organizations in health and social services	—	-20.0	-20.0	-20.0	-20.0	-20.0	-100.0
▪ Renewing support for the overall mission of certain community organizations	—	-13.6	-32.0	—	—	—	-45.6
▪ Funding the volunteer support program	—	-12.0	—	—	—	—	-12.0
– Ensuring food bank supplies							
▪ Increasing funding to the Food Banks of Québec organization	—	-21.0	—	—	—	—	-21.0
▪ Extending the infrastructure program of the Food Banks of Québec organization	—	—	-10.0	-10.0	-10.0	-10.0	-40.0

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)
(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Supporting Quebecers (cont.)							
Strengthening services for vulnerable individuals (cont.)							
– Continuing to support vulnerable individuals							
▪ Supporting the compensation program for victims of criminal offences	—	-6.0	-6.0	—	—	—	-12.0
▪ Supporting people with disabilities after they finish work programs	—	-1.7	-11.6	—	—	—	-13.3
▪ Supporting the mobility of people with disabilities	—	-6.5	-6.7	—	—	—	-13.2
– Automating income tax return filing	—	—	—	—	—	—	—
Subtotal – Strengthening services for vulnerable individuals	—	-80.8	-86.3	-30.0	-30.0	-30.0	-257.1
Subtotal – Supporting Quebecers	—	-579.1	-679.7	-505.9	-300.3	-303.9	-2 368.9
Ensuring community resilience							
Strengthening communities							
– Sustainably maintaining local and regional infrastructure							
▪ Continuing assistance to municipalities for maintaining and improving the local road network	—	—	-250.0	—	—	—	-250.0
▪ Consolidating support for the management and development of the Route verte	—	-0.3	-0.3	-0.3	-0.4	-0.4	-1.7
▪ Supporting sustainable management of municipal water infrastructure	—	-5.0	-5.0	—	—	—	-10.0
▪ Enabling safe access to the Eeyou Istchee James Bay region	—	-9.7	-9.7	—	—	—	-19.4
▪ Upgrading the dam and rehabilitating the pumping station on Rivière La Guerre	—	-1.5	-5.6	-0.9	—	—	-8.0

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Ensuring community resilience (cont.)							
Strengthening communities (cont.)							
– Supporting the growth and vitality of the metropolitan area and the territories							
▪ Facilitating access to regional air transportation	—	-18.0	—	—	—	—	-18.0
▪ Continuing to improve connectivity for Québec's regions with a reliable and resilient network	—	-20.0	—	—	—	—	-20.0
▪ Revitalizing the UQAM central library	—	—	—	-0.6	-0.6	-0.6	-1.8
▪ Fostering more harmonious coexistence on the UQAM campus	—	-1.0	-1.0	-1.0	—	—	-3.0
▪ Continuing the revitalization of Montréal's East end	—	-7.0	-7.0	—	—	—	-14.0
– Continuing environmental protection initiatives							
▪ Supporting Éco Entreprises Québec in the financial and operational management of selective collection	-27.0	—	—	—	—	—	-27.0
▪ Carrying out environmental restoration of former landfill sites in Nunavik	—	-4.0	-4.0	—	—	—	-8.0
▪ Supporting the rehabilitation of Parc des Pionniers in Rouyn-Noranda	-10.0	—	—	—	—	—	-10.0
▪ Supporting stakeholders in the rehabilitation of Lac Saint-Pierre	—	-0.4	-0.9	-1.1	-1.2	-1.7	-5.3
▪ Ensuring wildlife monitoring and response activities in southern Québec	—	-4.6	-4.6	—	—	—	-9.2
– Consolidating improvements to public services for Indigenous people	—	-5.0	-5.0	-5.0	-5.0	-5.0	-25.0

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Ensuring community resilience (cont.)							
Strengthening communities (cont.)							
– Encouraging participation in sports, recreation and outdoor activities							
▪ Supporting participation in recreational activities by people with disabilities	—	-2.7	-1.8	-1.8	-1.8	-1.8	-9.9
▪ Promoting regular participation in sports, recreation and outdoor activities	—	-2.5	-2.5	—	—	—	-5.0
Subtotal – Strengthening communities	-37.0	-81.7	-297.4	-10.7	-9.0	-9.5	-445.3
Supporting adaptation to and the fight against climate change							
– Implementing Rénoclimat – Adaptation ⁽²⁾	—	-25.0	-50.0	-100.0	-125.0	-125.0	-425.0
– Enhancing the LogisVert Program ⁽²⁾	—	-24.2	-49.8	-53.9	-31.0	—	-158.9
Subtotal – Supporting adaptation to and the fight against climate change	—	-49.2	-99.8	-153.9	-156.0	-125.0	-583.9
Subtotal – Ensuring community resilience	-37.0	-130.9	-397.2	-164.6	-165.0	-134.5	-1 029.2
Promoting Québec culture and cultural heritage							
Maintaining funding for culture in schools and school outings to cultural venues	—	-13.0	-26.5	-26.5	-26.5	-26.5	-119.0
Supporting cultural bodies							
– Modernizing Québec's library network	—	-3.2	-6.4	-7.2	-6.3	-8.2	-31.3
– Enhancing operational aid for museums	—	-5.0	-5.0	-5.0	-5.0	-5.0	-25.0
– Replacing and upgrading equipment at the Maison symphonique de Montréal	—	-0.1	-0.3	-0.5	-0.5	-0.5	-1.9

TABLE D.27

Financial impact of the measures to support Quebecers and communities with targeted action (cont.)

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Promoting Québec culture and cultural heritage (cont.)							
Preserving our cultural heritage							
– Enhancing the Québec Cultural Heritage Fund	—	-7.5	-7.5	-7.5	—	—	-22.5
– Ensuring the future of the Biosphere	—	-3.0	-3.0	-3.0	—	—	-9.0
– Restoring and renovating Maison St-Pierre	—	—	-4.0	-3.9	—	—	-7.9
– Continuing the restoration and rehabilitation of Maison René-Lévesque	—	-0.5	—	—	—	—	-0.5
Subtotal – Promoting Québec culture and cultural heritage	—	-32.3	-52.7	-53.6	-38.3	-40.2	-217.1
TOTAL	-37.0	-742.3	-1 129.6	-724.1	-503.6	-478.6	-3 615.2

(1) Renewing the 2021-2026 government action plan in response to the recommendations of the Select Committee on the Sexual Exploitation of Minors.

(2) These amounts will be drawn from the Electrification and Climate Change Fund.

Section E

THE QUÉBEC ECONOMY: RECENT DEVELOPMENTS AND OUTLOOK FOR 2026 AND 2027

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SUMMARY

The global economy is undergoing a period of major transformation.

- After several decades of growth fuelled by globalization and free trade, a new context characterized by the rise of protectionism and heightened geopolitical tensions is emerging, disrupting supply chains and creating a climate of uncertainty that is weighing on investment and international trade. These tensions are also having significant impacts on financial markets, particularly energy markets.
- In addition, accelerated investment in artificial intelligence (AI) is expected to support productivity gains. This dynamic could encourage the emergence of new innovation hubs and reshape competition on a global scale. However, the enthusiasm surrounding AI in financial markets raises the risk that markets may overestimate the speed and scale of expected benefits.

Québec is nevertheless well positioned to deal with this new context. Supported by a solid economic foundation, it has the necessary assets to overcome challenges and take advantage of new opportunities that arise.

Notably, since 2018, Québec has outperformed the rest of Canada. The significant initiatives implemented by the Québec government to increase the potential of the economy have led to more wealth creation.

- Québec's strong performance has narrowed the gap in living standards, as defined by real GDP per capita, with its key partners.

According to the most recent official statistics available, the standard of living rose by 4.9% in Québec between 2018 and 2024, while it fell in Ontario (-0.3%) and in the rest of Canada (-0.9%).

- **The standard of living gap thus decreased from 15.9% in 2018 to 10.2% in 2024 in relation to Ontario and from 20.2% to 13.6% compared to the rest of Canada. Such small differences have never been observed since statistics began to be compiled in 1981.**

- At the same time, the Québec government has continued to protect its citizens' wallets, thereby strengthening the financial position of Québec households.
 - Between 2018 and 2024, household purchasing power, measured by disposable income in real terms per capita, improved by 9.2% in Québec compared to 5.1% in Ontario and in the rest of Canada.

- The increase in disposable income supported the savings rate in Québec. In 2024, it reached 8.3%, the highest among the provinces (5.0% in Canada).
- In addition, the household debt ratio, that is, the value of household liabilities as a proportion of disposable income, is lower in Québec (143.2% in 2024) than in Canada (182.3%).
- The Québec labour market is among the best performing in Canada. In 2025, Québec had an unemployment rate of 5.6%. Only Saskatchewan (5.2%) had a lower unemployment rate among the provinces (6.8% in Canada). Meanwhile, the employment rate for people aged 15 to 64 reached 77.4%, the highest in the country (74.2% in Canada).
- Québec's housing market also remains one of the most dynamic housing markets among the provinces, supported in particular by greater affordability than elsewhere in Canada.

In addition, the Canadian dollar, which remains at a relatively low level, supports the competitiveness of exports. Moreover, Québec exporters have adopted a number of strategies to mitigate the impact of tariffs, including diversifying their export markets.

- During the first 11 months of 2025, the not-seasonally adjusted value of Québec's international exports to destinations other than the United States rose by \$2.9 billion (+9.8%) compared to the same period in 2024.

Québec is more exposed than Canada to conflict with the United States

After experiencing strong growth in 2024 (+1.7%), real GDP growth in Québec slowed in 2025 to 0.8%. This increase is lower than that observed in Canada (+1.7%).

- The economic shock linked to the trade dispute triggered by the United States has had a greater impact on Québec than on Canada, due in particular to the concentration of tariffs in sectors where Québec is particularly active, including aluminum.

Although domestic demand strongly supported economic growth in 2025, both in Québec and Canada, the external sector significantly slowed real GDP growth in the province.

- The external sector made a negative contribution of 1.4 percentage points to real GDP growth in Québec, while subtracting 0.4 percentage points from economic growth in Canada.
- In particular, international exports in real terms fell by 2.9% in 2025 in Québec, compared to a 1.7% decline in Canada.

❑ The global economy is proving resilient despite numerous disruptions

Since early 2025, the increase in new tariffs imposed by the United States has disrupted trade and weighed on investment decisions. Furthermore, uncertainty surrounding U.S. tariff policy persists, with the United States administration threatening to add new tariffs or increase existing ones. Geopolitical tensions are also fuelling market volatility and heightening the risks to global economic growth.

- Despite these headwinds, global economic activity remains resilient, supported, in particular, by the significant budgetary deficits recorded in most advanced economies. Although these deficits are stimulating growth, they are a potential source of vulnerability for financial stability.
- Real GDP growth remained at 3.4% in 2025. Economic activity will continue to grow in 2026 and 2027, but at a slightly slower pace (+3.2% on average annually).

In the United States, despite unfavourable conditions caused by the tariff shock, immigration restrictions and the partial shutdown of the U.S. government at the end of the year, economic growth was fairly robust in 2025 (+2.2%).

- It was boosted, in particular, by the easing of financial and budgetary conditions, and by significant investments in artificial intelligence.
- Growth in the U.S. economy will maintain its momentum in 2026 (+2.3%), then see a slight slowdown in 2027 (+1.9%).

Meanwhile, the Québec economy is gradually adapting to this new reality, but uncertainty surrounding the trade dispute with the United States will remain high. In addition, real GDP growth will be limited by the demographic outlook.

- After a gain of 0.8% in 2025, economic growth is expected to increase by 1.1% in 2026 and 1.4% in 2027.

TABLE E.1

Economic growth

(real GDP, percentage change)

	2024	2025	2026	2027
Québec	1.7	0.8	1.1	1.4
Canada	2.0	1.7	1.1	1.6
United States	2.8	2.2	2.3	1.9
World ⁽¹⁾	3.4	3.4	3.2	3.2

(1) Global GDP is expressed in purchasing power parity.

Sources: Institut de la statistique du Québec, Statistics Canada, International Monetary Fund, S&P Global, LSEG Datastream, Bloomberg, Eurostat and Ministère des Finances du Québec.

Trade relations between Canada and the United States will evolve toward a new equilibrium, marked by persistent tariff measures.

- Budget 2026-2027 is based on the premise that the average effective tariff rate will remain relatively stable over the next few years.
- Furthermore, the July 2026 review of the Canada-United States-Mexico Agreement (CUSMA) could lead to a reduction in uncertainty.

An economic forecast in an environment of great uncertainty

Developments in the trade dispute with the United States and the CUSMA review are the main risks to the baseline scenario. In this context, the Ministère des Finances is presenting two alternative economic forecasts in Section H of the *Québec Budget Plan – March 2026*.

- Specifically, an increase in tariffs, the application of further sectoral tariffs or a possible withdrawal of the United States from CUSMA could exacerbate supply chain disruptions and cause a sharper slowdown in international trade, thus dampening economic growth, particularly in investment and exports. Furthermore, the tense geopolitical situation in several regions of the world, particularly in the Middle East, could also slow the economy.
 - This scenario would result in a recession. Economic activity in Québec would then decline by 0.2% in 2026, before growing by 0.8% in 2027.
- Conversely, if a trade agreement were to be reached between Canada and the United States or certain sectoral tariffs were to be withdrawn, this would reduce uncertainty and stimulate economic growth.
 - Real GDP would increase by 1.6% in 2026, 2.0% in 2027 and 1.8% in 2028.

The effective tariff rate remains low, but uncertainty persists

Since the beginning of 2025, the United States has imposed various tariffs on many trading partners, including Canada. However, a significant proportion of Canadian products remains exempt from these tariffs if they comply with the rules set out in the Canada-United States-Mexico Agreement (CUSMA).

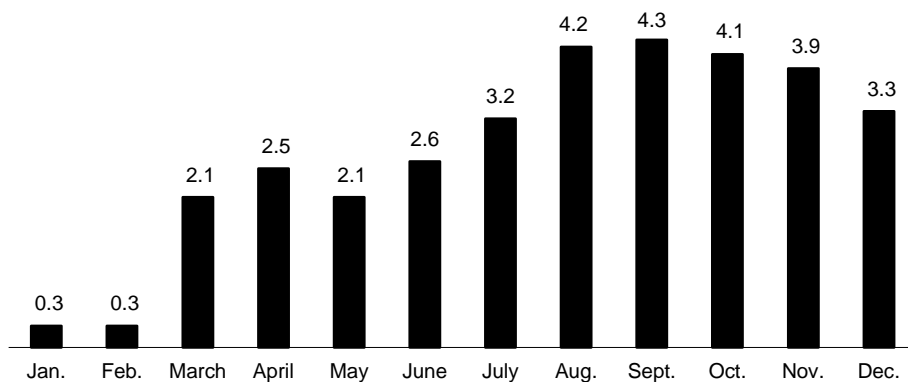
- The coming into force of the tariff measures in early 2025 prompted companies to adjust their supply chains and production processes, while ensuring that they completed the necessary documentation to comply with CUSMA requirements.
- According to U.S. government statistics, in December 2025, 86.4% of Canadian exports to the United States met the CUSMA compliance criteria and were therefore exempt from tariffs, compared to an average of 37.6% in 2024.

In this context, despite the many announcements of tariff increases, the effective tariff rate applied to all Canadian exports to the U.S. market remains relatively moderate.

- In December, this rate averaged 3.3%. It could, nevertheless, increase in the coming months should new measures targeting certain sectors be implemented.

Furthermore, CUSMA, which came into force in 2020, will be subject to a review in July 2026. In the absence of consensus between the parties, the agreement will not end immediately but will have to be renewed and reviewed on an annual basis until 2036. In addition, if one of the partners decides to withdraw from the agreement, this decision will only take effect after six months' notice. This review mechanism maintains persistent uncertainty, as any questioning of this preferential access poses a significant risk to Canada's and Québec's growth outlook.

Average effective rate of U.S. tariffs on Canadian products in 2025 (per cent)



Note: These are estimated rates based on the tariffs actually applied at customs, to which an estimate of the tariffs on lumber (part of the anti-dumping and countervailing duties) were added. This estimate differs from the theoretical effective rate based on the value of 2024 imports.

Sources: U.S. Census Bureau, U.S. Customs and Border Protection, U.S. International Trade Commission and Ministère de l'Économie, de l'Innovation et de l'Énergie.

❑ Inflationary pressures will remain limited despite U.S. protectionist measures

Despite rising protectionism in the United States and the introduction of high tariffs, inflationary pressures remained relatively contained in 2025, and price growth slowed in several economies.

— This moderating inflation is due, in particular, to lower energy prices. Energy prices fell by 2.0% in Québec in 2025.

In the short term, upward and downward pressures on prices are expected to continue to balance each other out, allowing inflation to remain moderate. Consequently, the latter is expected to remain fairly close to central bank targets.

In Canada, annual growth in the Consumer Price Index (CPI) is expected to average 2.1% in 2026 and 2027. In Québec, inflation is expected to stand at 2.3% in 2026 and 2.1% in 2027.

— Since April 2025, inflation in the province has exceeded that observed across the country. This trend is due in particular to housing costs, which are rising more rapidly than in Canada. In addition, the removal of the carbon tax for Canadian consumers, with the exception of Québec, on April 1, 2025, temporarily accentuated the decline in gasoline prices elsewhere in the country.

Over the next few months, annual inflation in Québec is expected to return to a growth rate comparable to that observed in Canada. In particular, the temporary effect on inflation resulting from the abolition of the carbon tax in Canada will dissipate starting in April 2026. In addition, the gradual rebalancing of the Québec residential market will help ease pressure on housing prices.

The vacancy rate for rental housing, which rose from 1.8% in 2024 to 2.7% in 2025 in Québec, indicates that the market is well on its way to rebalancing.

However, price growth remains exposed to various risks, including geopolitical tensions and developments in the trade dispute.

TABLE E.2

Consumer Price Index (percentage change)

	2024	2025	2026	2027
Québec	2.3	2.4	2.3	2.1
Canada	2.4	2.1	2.1	2.1
United States	3.0	2.7	2.6	2.4
Euro area ⁽¹⁾	2.4	2.1	1.9	2.0
World ⁽¹⁾	5.8	4.1	3.8	3.4

(1) International Monetary Fund's January 2026 forecast.

Sources: Statistics Canada, S&P Global, International Monetary Fund, Eurostat and Ministère des Finances du Québec.

Effects of the conflict in the Middle East on the Québec economy

A sharp increase in oil prices due to the conflict

The economic forecasts incorporate the information available as at March 6, 2026. However, with the situation evolving rapidly and energy prices showing significant volatility, it is important to remain cautious about the economic effects of the conflict.

The outbreak of a new armed conflict in the Middle East at the end of February caused significant disruption to global energy markets, resulting, among other things, in a sharp rise in oil prices.

- As at March 6, 2026, the price of WTI oil had jumped more than 30% since the start of the conflict to around US\$90 per barrel, compared to US\$67 per barrel on February 27 (an increase of more than 50% since the beginning of 2026).
- The closure of the Strait of Hormuz, through which approximately 20% of global oil consumption passes, largely explains the surge in oil prices.

The Ministère des Finances du Québec is making the assumption that the conflict should last about six weeks. Therefore, the upward impact on oil prices should be largely concentrated in March and April 2026, with an estimated average impact for the year of US\$4 per barrel (+7%). Subsequently, a gradual decline in prices toward the levels anticipated before the start of the conflict should be seen.

- Furthermore, sharp fluctuations in oil prices are frequently seen during periods of geopolitical tension, particularly in the Middle East. Against this backdrop, prices are expected to remain volatile in the short term, with significant spikes possible.

Short-term negative effects for households and Québec businesses

Despite an upward impact on prices stemming from higher oil prices, the economic impact in Québec should be relatively modest according to our forecasts. However, negative effects could become more apparent in the coming weeks for households and businesses.

- For households, this means adjusting their consumption basket to cope with rising energy prices. For businesses, this represents an increase in their production costs.

However, sizable risks remain. A significant deterioration in the situation in the Middle East and a sustained rise in energy prices could lead to greater inflationary pressures and slow down the economy. These changes could spur the Ministère des Finances du Québec to adjust its global forecasts and those for Québec. The Ministère will monitor the situation closely over the coming months.

1. QUÉBEC'S ECONOMIC SITUATION

1.1 The economy is adapting to the new trade reality

Following strong growth in 2024 (+1.7%), Québec's economy gradually adapted to the new trade reality and real GDP growth slowed in 2025 (+0.8%). It is expected to strengthen gradually, reaching 1.1% in 2026 and 1.4% in 2027.

— Domestic demand will continue to provide significant support for economic activity, bolstered, in particular, by government measures aimed at protecting Quebecers' purchasing power. In addition, relatively low interest rates and a labour market that will remain tight will continue to support growth.

Québec's economy will withstand the ongoing trade disruptions, but uncertainty will remain.

— The U.S. administration is maintaining high tariffs on certain Canadian products, including aluminum, and is suggesting that it could introduce more. Furthermore, the effective tariff rate remains low, as a larger percentage of Canadian exports meets CUSMA compliance criteria. However, the Agreement will undergo a review in 2026, and the outcome of the negotiations is uncertain.

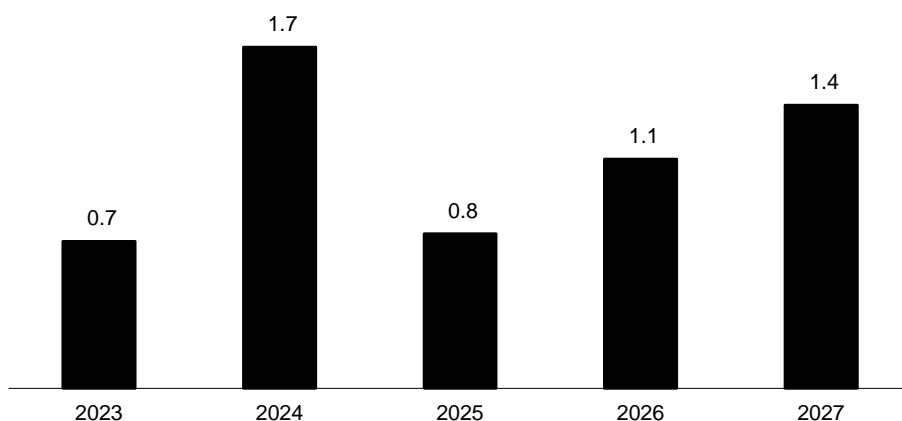
— In addition, population aging as well as the decline in temporary and permanent immigration will limit economic gains in the coming years. Specifically, policies implemented by the federal government and aimed at reducing the proportion of non-permanent residents to 5% of the population by 2028 are expected to temporarily slow population growth, which had reached record levels in 2023 and 2024.

— In addition, the geopolitical situation remains tense, particularly in the Middle East.

CHART E.1

Economic growth in Québec

(real GDP, percentage change)



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

Economic activity has been slowed by certain sectors that are more exposed to international trade

The Québec economy, which is heavily dependent on international trade, has been weakened by the tightening of protectionist policies implemented by its main trading partner and by uncertainty surrounding its external relations.

Since the beginning of 2025, the economy has been showing signs of slowing down. This moderation is due to the contraction in output in sectors that are suffering the consequences of tariffs and trade uncertainty.

- These include manufacturing as well as transportation and warehousing. In particular, in November 2025, manufacturing output volume hit its lowest level since July 2020.
- For the first 11 months of 2025 compared to the same period in 2024, production in these industries declined by 3.1%.
- In particular, real GDP in the manufacturing sector fell by 3.8% during this period. Of the 18 subsectors in this segment, 14 recorded a decline. The most significant declines were observed in the paper (–19.1%), electrical equipment, appliances and components (–14.7%), primary metal (–10.7%), printing (–9.2%), and furniture and related products (–8.6%) subsectors.

Conversely, sectors less sensitive to the trade dispute continued to support total production, partially offsetting the shock and preventing a more pronounced economic slowdown overall.

- For the first 11 months of 2025 compared to the same period in 2024, economic growth in other industries posted a gain of 1.4%.

On the whole, despite considerable resilience in 2025, economic growth by industry confirms that trade tensions are holding back export-related sectors.

Real GDP for certain industries in Québec in the cumulative of available months in 2025 (per cent)

	Weight in 2024	Change ⁽¹⁾
Industries sensitive to the trade dispute	16.4	–3.1
– Manufacturing	12.2	–3.8
– Transportation and warehousing	4.2	–0.8
Other industries	83.6	1.4
ALL INDUSTRIES	100.0	0.7

(1) For the first 11 months of 2025 compared to the same period in 2024.

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

1.2 The reduction in migration will lead to a population decline over the next few years

Federal and provincial immigration policies have had a marked effect on population growth, which, after reaching record levels in recent years, slowed significantly in 2025.

— In fact, the population of Québec grew by only 0.7% in 2025, after a significant increase of 2.0% in 2024. In Canada, population growth slowed to 0.9% in 2025, after a gain of 3.0% in 2024.

This downward trend will continue over the next few years, and Québec is expected to see slight population declines until 2029, with a decrease of 0.1% in 2026 and 0.2% in 2027 in particular. Population growth in Canada is expected to remain stable in 2026 (0.0%) and 2027 (+0.1%).

— The population decline will particularly affect those aged 15 to 64, who represent the main pool of potential workers and also constitute the largest age group within the immigrant population.

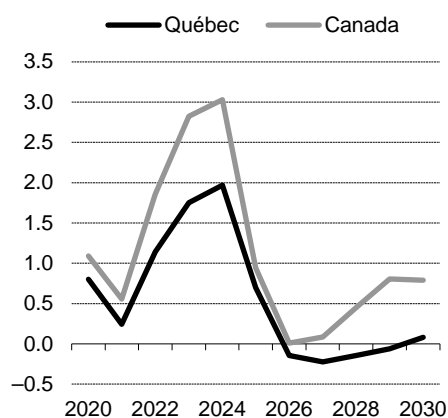
— In Québec, the number of non-permanent residents is expected to decrease from approximately 562 300 in 2025 to 375 000 by the end of 2029.

— At the same time, last fall the Québec government unveiled its permanent immigration targets for 2026 to 2029. The number of permanent immigrants will go down from 65 000 per year to 45 000 for 2026 to 2029.

CHART E.2

Population in Québec and Canada

(percentage change)

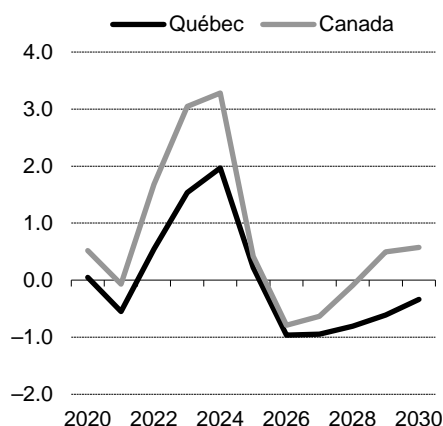


Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

CHART E.3

Population aged 15 to 64 in Québec and Canada

(percentage change)



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

The expected reduction in immigration curbs population growth

Population growth spurred by international immigration

As of July 1, 2025, Québec had a population of 9 058 300, an increase of 62 800 (+0.7%) compared to 2024. This population growth was driven entirely by net international migration.

- Québec welcomed over 57 600 permanent immigrants in 2025, and the number of non-permanent residents increased by approximately 21 000.
- Interprovincial migration losses totalled just under 5 100 people in 2025. Natural increase, which is the difference between births and deaths, has been negative since 2024 (–2 500 people in 2025).

A deceleration in population growth will continue

Although the population continued to grow in 2025 (+0.7%), population growth slowed compared to the strong increases of 2023 (+1.8%) and 2024 (+2.0%). With the exception of 2021, which was marked by border restrictions due to the pandemic, the growth in 2025 represented the lowest annual increase recorded since 2016.

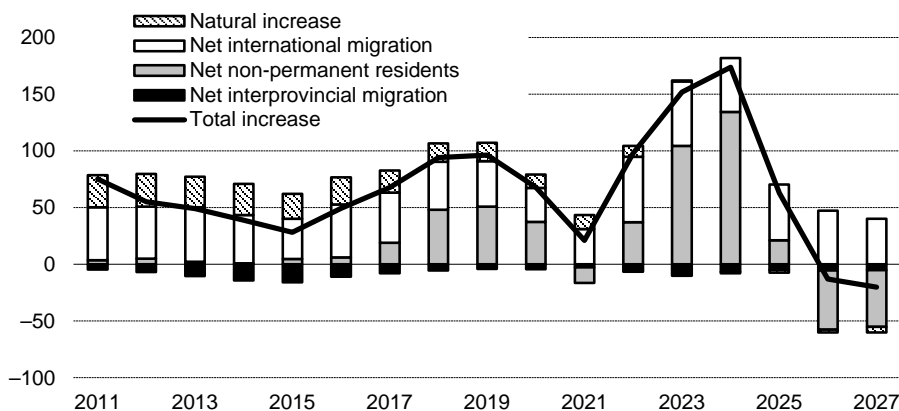
The policies implemented by the federal and Québec governments to reduce the number of non-permanent residents slowed the growth of temporary immigration in 2025.

- After reaching a peak of 134 400 in 2024, net non-permanent resident intake¹ in Québec declined to approximately 21 000 in 2025.

The slowdown in population growth will continue over the next few years as the number of non-permanent residents in Québec continues to decline and natural increase remains negative.

Components of population growth in Québec

(annual change in population and its components, in thousands of people)



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

¹ Net non-permanent resident intake refers to the balance representing the difference between the number of people arriving in the province to reside there temporarily and the number of people leaving.

1.3 The Québec government maintains its objective of increasing economic potential

Since the fall of 2018, significant steps have been taken to increase Québec's economic potential to create more wealth. These steps have supported strong economic performance, which resulted in a considerable increase in the standard of living, as defined by real GDP per capita.

Nevertheless, in 2023 and 2024, the standard of living decreased slightly in Québec.

- The effects of high inflation and restrictive monetary policy slowed the growth of real GDP in 2023. In addition, temporary factors specific to Québec, such as forest fires, low runoff in Hydro-Québec basins, and strikes in the public and parapublic sectors, also slowed economic activity.
- In 2024, Québec's record population growth, due to immigration, moderated the impact of accelerated real GDP growth on the standard of living.

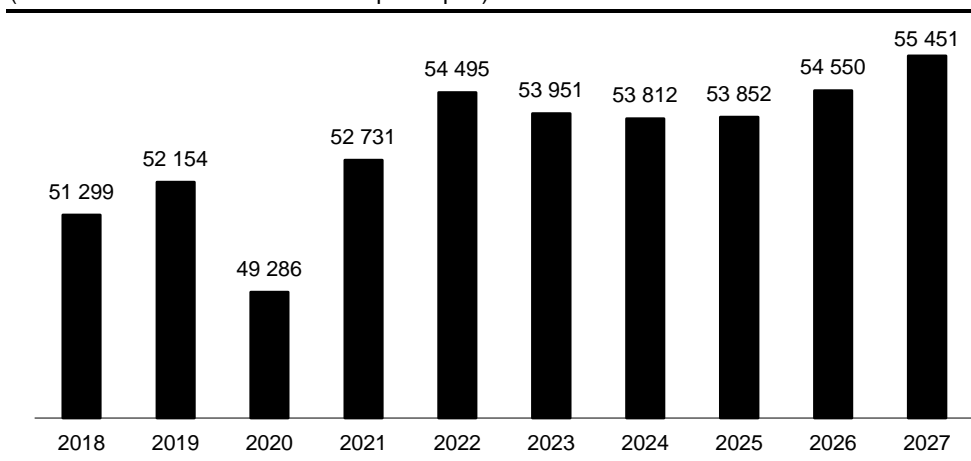
In 2025, growth in economic activity, combined with slower population growth, allowed the standard of living to resume an upward trajectory (+0.1%). This trend will accelerate in 2026 and 2027 (+1.5% on average annually).

- In 2027, real GDP per capita should stand at \$55 451, which represents a gain of 8.1% compared to 2018.

CHART E.4

Québec's standard of living

(real GDP in chained 2017 dollars per capita)



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

❑ Gaps in living standards with Ontario and the rest of Canada have narrowed significantly since 2018

Québec's strong economic performance since 2018 has narrowed the gaps in living standards with Ontario and the rest of Canada.

— According to the most recent official statistics available, the standard of living, measured by real GDP per capita, increased by 4.9% in Québec between 2018 and 2024.

— For the same period, it fell by 0.3% in Ontario and 0.9% in the rest of Canada.

Québec's standard of living gap with Ontario narrowed from 15.9% in 2018 to 10.2% in 2024. After reaching 20.2% in 2018, the standard of living gap with the rest of Canada stood at 13.6% in 2024.

— Such small differences have never been observed since statistics began to be compiled in 1981.

In 2025, the upheavals linked to the trade dispute and changes to immigration policy led to a moderation in economic growth in Québec. This situation, combined with significant changes to immigration policies, led to a slight increase in the standard of living gap in the short term (10.7% in relation to Ontario and 14.6% compared to the rest of Canada).

— Over the next few years, the standard of living gap will remain close to the low point reached in 2024. Furthermore, the government intends to continue to act on the main determinants of living standards and to intensify its efforts to close the gap between Québec and Ontario by 2036.

TABLE E.3

Change in standard of living

(real GDP per capita, change and gap with Québec in per cent)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Between 2018 and 2027 ⁽¹⁾
Change											
Québec	1.6	1.7	-5.5	7.0	3.3	-1.0	-0.3	0.1	1.3	1.7	8.1
Ontario	1.5	0.4	-5.8	5.5	2.2	-0.7	-1.6	0.6	1.0	1.7	3.0
Rest of Canada	1.2	0.1	-6.2	5.0	2.6	-0.8	-1.2	1.0	1.0	1.4	2.5
Gap											
Ontario	15.9	14.4	14.1	12.5	11.3	11.6	10.2	10.7	10.4	10.5	—
Rest of Canada	20.2	18.4	17.5	15.3	14.4	14.6	13.6	14.6	14.3	14.0	—

Note: Ontario's real GDP growth from 2025 to 2027 corresponds to the average forecast of nine private sector institutions as at March 6, 2026. For the rest of Canada and the Ontario population in 2026 and 2027, these represent the growth forecasts for Canada excluding Québec.

(1) Changes over the entire period.

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

□ Determinants of Québec's economic potential

The government has set itself the objective of raising the standard of living for Quebecers, and it does not intend to deviate from this mission despite U.S. protectionist policies, which are limiting growth of economic activity. It will achieve this objective by acting on the determinants of growth.

Productivity, which is real GDP per job, measures the efficiency of workers to transform their efforts into output. Productivity gains offer the greatest potential for improvement to support growth in the standard of living in Québec.

— After recording a 0.7% increase in 2024, productivity dropped in 2025. This decline stems from the slowdown in real GDP growth amid trade tensions, while the labour market is showing resilience. Productivity will return to growth in 2026 (+0.7%) and this growth will accelerate in 2027.

The **employment rate**, which is the total number of workers as a proportion of the population aged 15 to 64, reached an all-time high in 2023. Although the employment rate declined in 2024, it remains the highest among the provinces. In the current context of an aging population, strong labour market participation will be necessary to continue supporting economic growth.

The **demographic weight of the main labour pool** represents the share of the population aged 15 to 64 compared to the total population. Québec's population is aging, which limits the growth of the available labour pool. As a result, this factor's contribution to growth has been declining since the mid-2000s. Demographic trends are difficult to reverse, and it is expected that this component will continue to limit potential GDP.

TABLE E.4

Contribution of factors to economic growth

(average annual percentage change and contribution in percentage points)

	2010 to 2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 to 2030
Growth factors (contribution)										
Demographic weight of 15- to 64-year-olds ⁽¹⁾	-0.7	-0.7	-0.8	-0.6	-0.2	0.0	-0.5	-0.8	-0.7	-0.5
Employment rate ⁽²⁾	1.0	-5.0	4.8	2.5	1.4	-1.0	1.5	1.4	1.3	0.9
Productivity ⁽³⁾	0.8	0.2	2.9	1.4	-2.2	0.7	-0.9	0.7	1.1	1.1
STANDARD OF LIVING⁽⁴⁾	1.1	-5.5	7.0	3.3	-1.0	-0.3	0.1	1.3	1.7	1.5
Real GDP	1.9	-4.7	7.3	4.5	0.7	1.7	0.8	1.1	1.4	1.4
Population	0.8	0.8	0.2	1.1	1.8	2.0	0.7	-0.1	-0.2	0.0

Note: Totals may not add due to rounding.

(1) The demographic weight of 15- to 64-year-olds represents the share of the population aged 15 to 64 as a percentage of the total population.

(2) The employment rate corresponds to the total number of workers in proportion to the population aged 15 to 64.

(3) Productivity as measured by real GDP per job.

(4) Standard of living as measured by real GDP per capita.

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

1.4 The shrinking labour pool will slow job creation

The labour market remained resilient in 2025, despite the uncertain trade environment.

- On average for the year as a whole, 78 800 jobs were created (+1.7%). Meanwhile, the unemployment rate increased slightly from an average of 5.3% in 2024 to an average of 5.6% in 2025.

Over the next few years, the anticipated reduction in the labour force, due to the combined effects of population aging and declining immigration, is expected to result in more moderate employment growth.

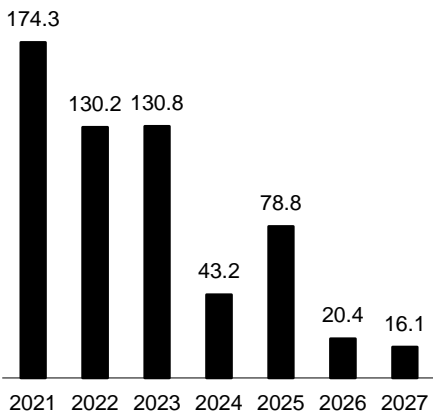
- The labour force, defined as the number of people aged 15 and over who are looking for work or are employed, will grow by only 0.2% in 2026, before declining by 0.5% in 2027.
- The shrinking labour pool will dampen job creation. As a result, approximately 20 000 jobs will be created in 2026 (+0.4%) and 16 100 positions will be added in 2027 (+0.3%).

Since employers will have to deal with a smaller labour pool to fill their available positions, the unemployment rate is expected to decline to an average of 5.4% in 2026 and 4.6% in 2027.

- Against this backdrop, Québec will continue to move close to full employment. Some sectors could experience labour shortages, which would make recruitment more difficult and could put pressure on wages.

CHART E.5

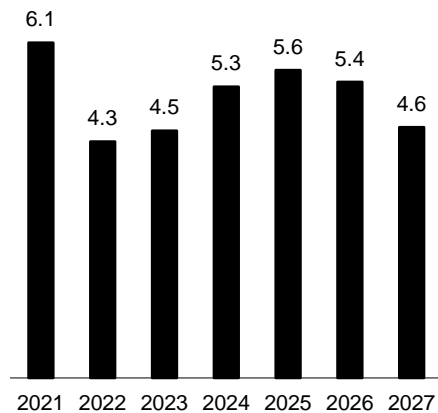
Job creation in Québec
(annual data in thousands)



Sources: Statistics Canada and Ministère des Finances du Québec.

CHART E.6

Unemployment rate in Québec
(annual data in per cent)



Sources: Statistics Canada and Ministère des Finances du Québec.

The labour market remained resilient in Québec in 2025

In an uncertain economic climate marked by trade tensions and the demographic slowdown, the labour market remained resilient in 2025.

- For the year as a whole, 78 800 jobs were created (+1.7%), which is stronger than in Ontario (+1.0% in 2025) and Canada (+1.4%).
- Québec had an unemployment rate of 5.6%. Only Saskatchewan (5.2%) had a lower unemployment rate among the provinces (6.8% in Canada). In addition, the employment rate for the population aged 15 to 64, which reached an average of 77.4% in 2025, was the highest among the provinces (74.2% in Canada).

Despite this strong performance, the labour market is showing some signs of slowing down.

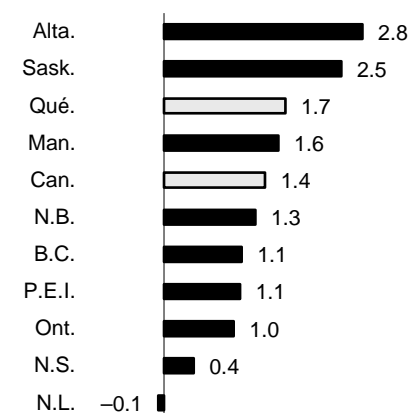
- Although it remains at a relatively low level, the unemployment rate rose from an average of 5.3% in 2024 to 5.6% in 2025. Furthermore, after peaking in September 2021 (258 100 positions), the number of job vacancies declined to 118 300 in December.

This change was reflected in employees' hourly wages, which rose by 3.6% in 2025 in Québec. Although this increase remains higher than the average rate observed during the 10 years preceding the pandemic (2.4% on average between 2010 and 2019), it is moderate compared to recent increases, which had peaked at 5.8% on average in 2022.

Over the coming months, job creation is expected to continue, but gains are projected to remain limited.

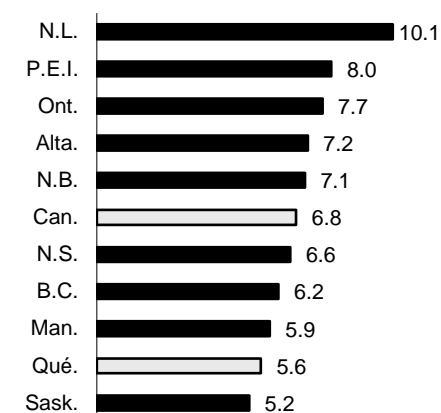
- A less dynamic economic environment, combined with the decline in the working-age population, will lead to slower job creation.
- In addition, the decline in overall demand for goods and services resulting from the trade dispute will moderate hiring.

Change in employment in 2025
(average annual data in per cent)



Source: Statistics Canada.

Unemployment rate in 2025
(average annual data in per cent)



Source: Statistics Canada.

1.5 Domestic demand will fuel increased economic activity

Domestic demand will remain the main driver of real GDP growth in 2026 and 2027, but its contribution will slow, mainly due to population decline, which will reduce demand for goods and services.

- After exercising caution in 2025, households will increase their spending, supported in part by the tax relief measures announced in the fall 2025 update and coming into force in January 2026, as well as by the measures announced by the federal government in its most recent budget. The favourable financial position of households, relatively low borrowing costs, a labour market that will remain tight, and rising asset values will also support consumption.
- Supported by policy rate cuts, residential investment gained momentum in 2025 (+8.1%). Its growth will continue in 2026, but at a more moderate pace (+0.3%), before decreasing by 1.2% in 2027.
- Uncertainty surrounding trade relations with the United States will slow non-residential business investment in 2026. It is expected to subsequently recover, as uncertainty surrounding U.S. trade policy eases.

The external sector will contribute 0.4 percentage points to real GDP growth in 2026 and 2027. As companies continue to adapt to the new trade environment, exports will return to growth.

TABLE E.5

Real GDP and its major components in Québec (percentage change and contribution in percentage points)

	Change			Contribution		
	2025	2026	2027	2025	2026	2027
Domestic demand	1.8	0.7	1.0	1.9	0.7	1.0
Household consumption	1.1	1.3	1.6	0.7	0.8	0.9
Residential investment	8.1	0.3	-1.2	0.5	0.0	-0.1
Non-residential business investment	1.5	-0.7	1.7	0.2	-0.1	0.2
Government spending and investment	1.4	0.1	0.1	0.4	0.0	0.0
External sector	—	—	—	-1.4	0.4	0.4
Exports	-1.7	1.2	2.2	-0.7	0.5	0.9
Imports	1.4	0.2	1.2	-0.7	-0.1	-0.6
Inventories	—	—	—	0.3	0.0	0.0
REAL GDP	0.8	1.1	1.4	0.8	1.1	1.4

Note: Totals may not add due to rounding.

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

1.6 Households will continue to exercise caution

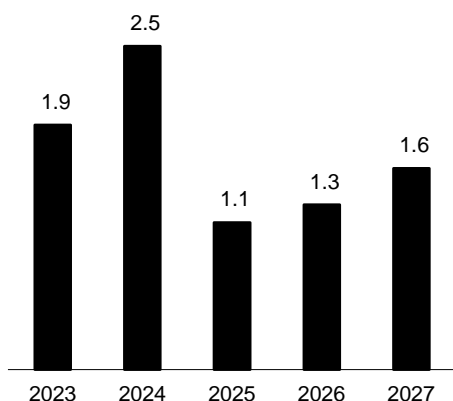
Despite relatively low household confidence and persistent uncertainty, consumption remained the main driver of economic activity in 2025. Household expenditure growth will accelerate in 2026 and 2027, fuelled in part by their favourable financial position. Consumers will also continue to benefit from low interest rates, particularly when purchasing durable goods.

- Additionally, households will benefit from the support provided by certain measures presented in the Québec government’s fall 2025 update, which aimed to protect the purchasing power of Quebecers by putting money back in their wallets.
 - These measures included the reduction of contribution rates to the Québec Pension Plan and the Québec Parental Insurance Plan, as well as the indexation of the tax system and social assistance benefits at a rate of 2.05%.
- Nevertheless, the decline in the population will dampen demand for goods and services.

Furthermore, even as interest rates fall, some households will see higher mortgage payments upon renewal, which could limit their purchasing power and encourage them to exercise caution.

CHART E.7

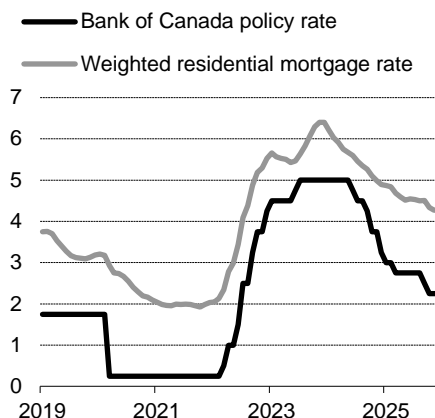
Household consumption expenditure in Québec (percentage change, in real terms)



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

CHART E.8

Changes in various interest rates in Canada (per cent)



Note: The weighted residential mortgage rate represents the average rate on funds advanced, which is calculated based on interest rates for new residential mortgage lending in Canada.

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

Québec households are benefiting from a favourable financial situation

Québec's household purchasing power per capita has improved faster than in Canada since 2018

Purchasing power is defined as household disposable income in real terms per capita. In Québec, it improved considerably between 2018 and 2024. Over this period, it grew by 9.2%, the strongest increase among the provinces (+6.0% in Canada).

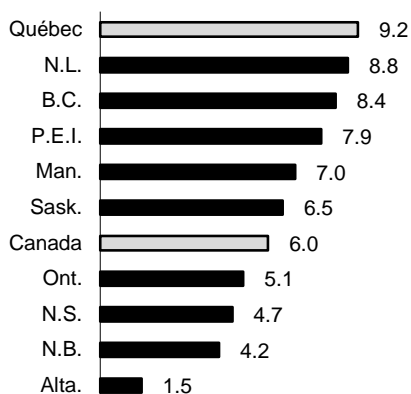
- This is due in part to the strong performance of the labour market and the shortage of labour, which have led to significant wage gains. Between 2018 and 2024, per capita wages and salaries in Québec jumped 35.5% (+25.8% in Canada).
- Furthermore, household purchasing power has been supported by a number of measures put in place by the Québec government since fall 2021, including a reduction in personal income tax, enhanced senior assistance, the introduction of two one-off cost of living support payments and a 3% cap on the indexation of government rates.

The improved purchasing power observed in recent years has strengthened the financial position of Québec households.

- Québec's savings rate (8.3% in 2024) remained higher than the savings rate observed in Canada (5.0% in 2024).
- In addition, the household debt ratio, that is, the value of household liabilities as a proportion of disposable income, was lower in Québec (143.2% in 2024) than in Canada (182.3% in 2024).

Growth in household disposable income per capita between 2018 and 2024

(percentage change, in real terms)

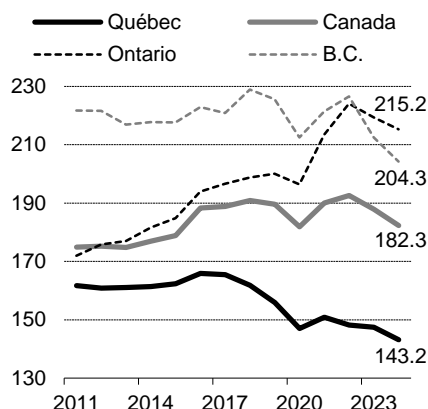


Note: The consumption expenditure deflator was used to measure price trends.

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

Household debt ratio

(per cent)



Note: The debt ratio corresponds to the total value of liabilities divided by household disposable income.

Sources: Statistics Canada and Ministère des Finances du Québec.

1.7 Despite a slowdown, activity in the residential sector will remain robust

After growing by 14.5% between 2023 and 2025, residential investment in real terms is expected to grow slightly in 2026 (+0.3%), before declining in 2027. Nevertheless, activity in this sector will remain relatively robust.

- New construction will remain stable. After reaching 59 900 units in 2025, the number of housing starts is expected to be 56 000 units in 2026 and 49 000 units in 2027, levels higher than the average observed during the 10 years preceding the pandemic (44 200 units per year between 2010 and 2019).
- At the same time, demand in the resale market will remain strong, with transactions continuing to increase. They will be 99 400 in 2026 and 101 700 in 2027. It should be noted that between 2010 and 2019, an average of 79 400 transactions were carried out each year.

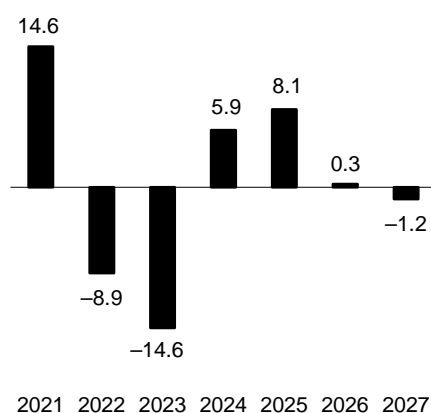
This trend is explained by latent demand for housing, resulting from recent strong population growth, the fall in mortgage interest rates and by government measures aimed at increasing housing stock.

While housing supply will remain strong, the decline in population will limit demand. This trend will reduce imbalances in the housing market and ease the upward pressure on housing prices seen recently.

- The vacancy rate for rental housing, which rose from 1.8% in 2024 to 2.7% in 2025, indicates that the market is well on its way to rebalancing.

CHART E.9

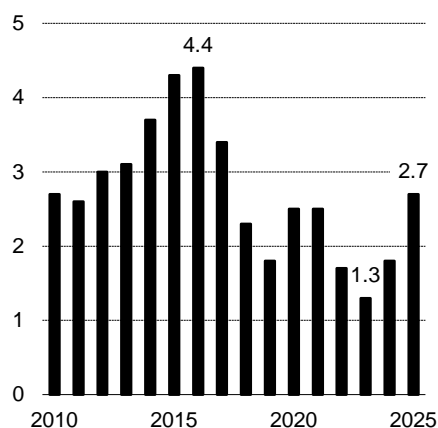
Residential investment in Québec (percentage change, in real terms)



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

CHART E.10

Rental vacancy rate in Québec (per cent)



Note: This is the vacancy rate for rental housing for all centres with 10 000 inhabitants or more.

Source: Canada Mortgage and Housing Corporation.

The Québec real estate market stands out from the rest of Canada

The Québec real estate market has been standing out from the rest of Canada since 2024. In Québec, the number of housing starts is growing considerably. After a 25.2% gain in 2024, it jumped by 22.9% in 2025.

- This strength contrasts with a slowdown in several other provinces in 2025, notably British Columbia (–3.6%) and Ontario (–12.3%).

Québec’s resale market also stands out for its dynamism. After a significant gain of 18.8% in 2024, the number of transactions in the resale market was up 7.7% in 2025. By comparison, the number of transactions was down in Ontario (–5.6% in 2025) and British Columbia (–5.7%).

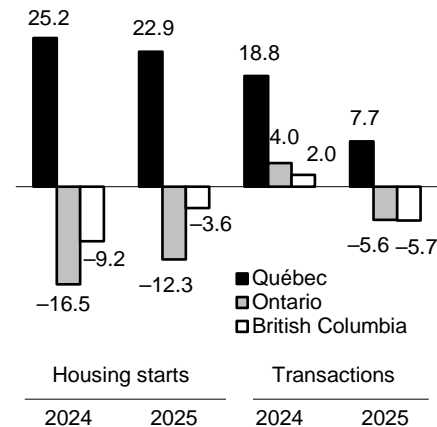
The strength of housing starts in Québec was supported, in particular, by various government measures. In the context of a housing shortage, the Québec government, along with several municipalities, has implemented measures to encourage residential construction. Since fall 2018, nearly \$4.3 billion has been invested in housing construction, mainly for social and affordable housing. This will make it possible to build nearly 25 500 affordable housing units from 2023-2024 to 2028-2029.

Furthermore, demand on the resale market in Québec has remained strong, with lower housing prices than those observed in Canada as a whole and a resilient job market.

- In 2025, the average price of a property was \$541 700 in Québec, compared to \$834 800 in Ontario and \$953 200 in British Columbia.

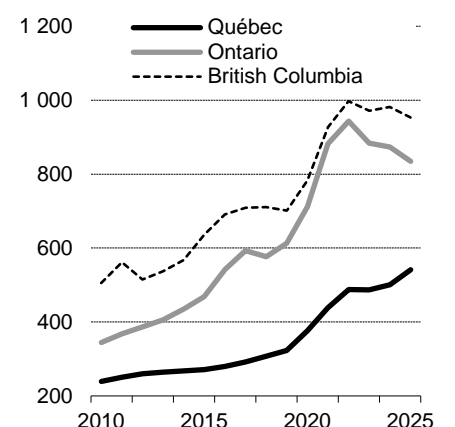
- In addition, Québec’s labour market is one of the tightest in the country. More specifically, Québec ranked first among the provinces in terms of the employment rate for people aged 15 to 64 in 2025 (77.4% in Québec compared to 74.2% in Canada).

Housing starts and transactions on the resale market
(percentage change)



Sources: Canada Mortgage and Housing Corporation, Canadian Real Estate Association, Centris and Haver Analytics.

Average home resale price
(thousands of dollars)



Sources: Canadian Real Estate Association, Centris and Haver Analytics.

1.8 The environment will once again be favourable for business investment starting in 2027

Despite low financing costs, non-residential business investment is expected to decrease in 2026, in real terms.

- Geopolitical instability and the trade dispute will lead to the postponement, or even cancellation, of certain investment projects. The unpredictability surrounding U.S. trade policies makes it difficult for many businesses to plan for the long term.
- Investments in machinery and equipment, whose components are mainly imported, will be particularly affected. In addition, the relative weakness of the Canadian dollar will make them more expensive.

Starting in 2027, non-residential investment will resume its path of growth as uncertainty surrounding U.S. trade policy eases and export growth gets stronger.

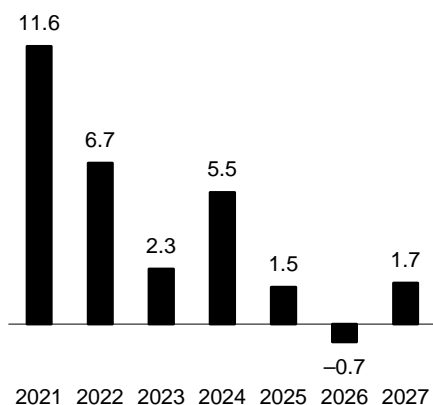
Furthermore, investment in artificial intelligence is also expected to intensify, driven by digital transformation and the search for productivity gains.

In addition, despite the unstable trade environment, many large-scale projects are continuing, particularly in public transit and the mining sector.

- Also, Hydro-Québec's *Action Plan 2035 – Towards a Decarbonized and Prosperous Québec* includes massive investments by 2035.

CHART E.11

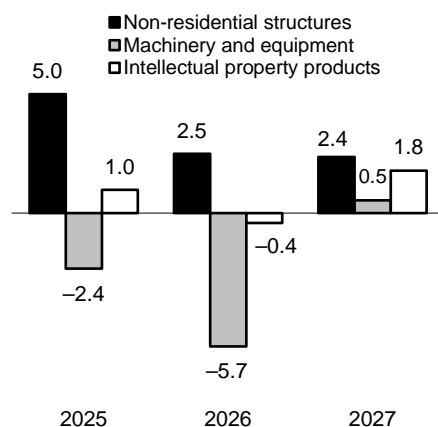
Non-residential business investment in Québec (percentage change, in real terms)



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

CHART E.12

Components of non-residential business investment in Québec (percentage change, in real terms)



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

1.9 Government investment supports growth

Governments are an important driver of economic activity in Québec. The value of government investment as a proportion of GDP was 4.4% in 2024, compared to 3.6% in Ontario.

— These investments, which include investments by the Québec government, the federal government, local public administrations and Aboriginal public administrations, are expected to reach a record \$29.2 billion in 2027.

They will especially be driven by increased expenditures by the Québec government.

— In particular, investments set out in the Québec Infrastructure Plan (QIP) were increased by more than \$5 billion over six years compared to what was planned in Budget 2025-2026.

— From 2025-2026 to 2030-2031, investments will total \$108.0 billion, which is \$5.2 billion more than what was planned in March 2025.

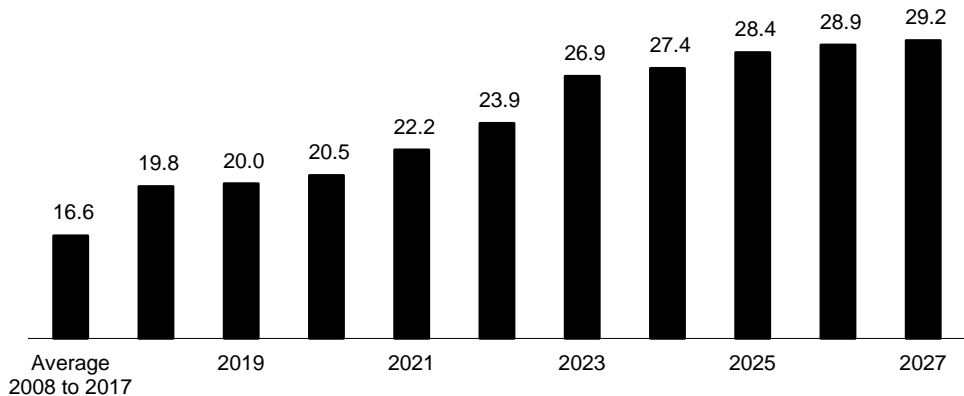
— The QIP was increased to \$167 billion over 10 years, from 2026-2027 to 2035-2036.

— Significant amounts will be invested to preserve the quality of public services, ensure their continuity and guarantee their accessibility in the government's priority missions, namely health, social services, education and higher education.

CHART E.13

Government investment in Québec

(billions of dollars, in nominal terms)



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

1.10 The external sector adjusts to the new trade environment

Québec's exports in real terms fell by 1.7% in 2025. With the exception of 2020, which was affected by the pandemic, this is the first decline since 2011. The imposition of tariffs made Québec products more expensive for U.S. buyers, which reduced the volume of goods traded.

Exports will return to growth in 2026 and their progress will strengthen in 2027, as uncertainty eases and companies continue their efforts to increase exports outside the United States.

— In particular, after three consecutive years of decline, growth in exports to other provinces resumed in 2025 (+0.4%) and will accelerate to 1.8% in 2026 and 2.0% in 2027. The gradual reduction of barriers to domestic trade is a lever for stimulating these exports.

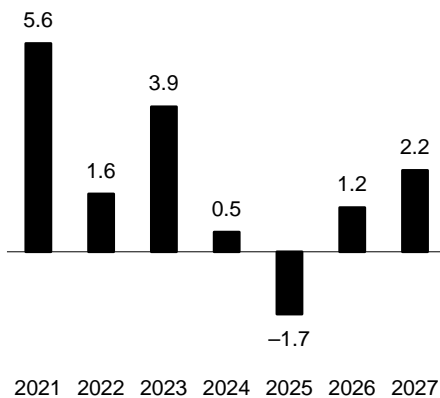
Québec's goods and services imports, for their part, will show a modest gain of 0.2% in 2026, before rising slightly in 2027 (+1.2%).

— The weakness of imports in 2026 is partly due to the drop in investment in machinery and equipment (-5.7%), whose components are mainly purchased from abroad. Additionally, trade tensions are prompting Québec businesses to become less dependent on U.S. imports.

CHART E.14

Québec exports

(percentage change, in real terms)

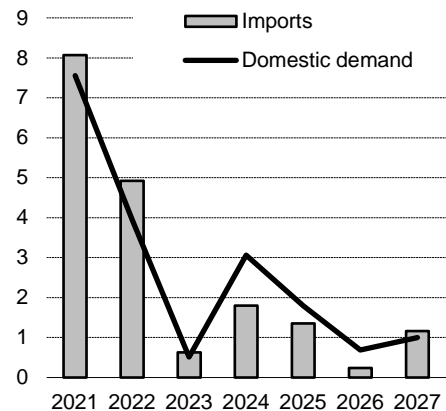


Sources: Institut de la statistique du Québec, Statistics Canada and Ministère des Finances du Québec.

CHART E.15

Imports and domestic demand in Québec

(percentage change, in real terms)



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

A sharp decline in exports to the United States

Since March 2025, the U.S. administration has been applying tariffs to Canada on all imported products that do not comply with the provisions of the Canada-United States-Mexico Agreement (CUSMA). Trade barriers are also affecting several strategic sectors of Québec's and Canada's economies, including steel, aluminum, the automotive industry and lumber.

The implementation of these measures had an impact on Québec's trade. In the first 11 months of 2025, the not-seasonally adjusted value of international exports of goods decreased by \$3.6 billion (-3.2%) compared to the same period in 2024.

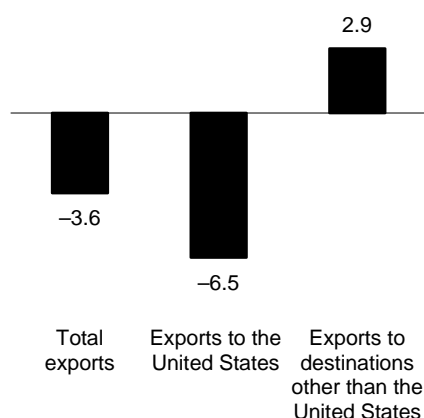
- In particular, the value of exports to the United States fell by \$6.5 billion (-7.9%) over this period. Among the products that contributed most to this decline were metal ores and non-metallic minerals (-24.3%), automobiles and parts (-20.4%), chemical, plastic and rubber products (-19.0%), and forestry products (-9.4%).

The unpredictability of U.S. trade policy creates a climate of uncertainty. Given these circumstances, exporters have adopted several strategies to mitigate the impact of tariffs, including diversifying their export markets.

- In the first 11 months of 2025, Québec's exports to destinations other than the United States increased by \$2.9 billion (+9.8%).
- Despite increasing diversification, the United States remains Québec's main export market (an average of 70.0% of total international exports in 2025) and is expected to remain so due to its proximity and the strong integration of these two economies.

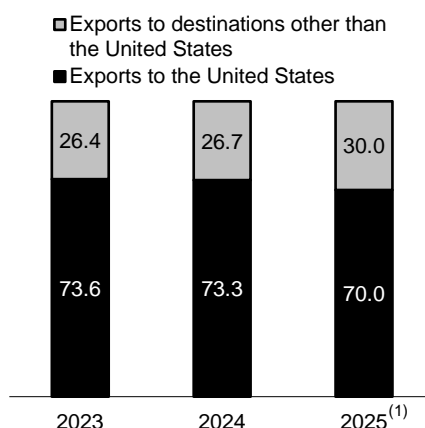
Québec's international exports of goods in 2025

(change in billions of current dollars)



Québec's share of international exports of goods

(per cent, current dollars)



Note: This is the average for the first 11 months of 2025 compared to the same period in 2024, and not-seasonally adjusted monthly data.

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

(1) Average for the first 11 months of 2025, and not-seasonally adjusted data.

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

1.11 Inflation will stabilize around the Bank of Canada's target

Although economic activity in Québec moderated in 2025, inflation as measured by CPI growth increased slightly, from 2.3% in 2024 to 2.4% in 2025. Despite some monthly volatility, it generally remained within the Bank of Canada's target range of 1% to 3%.

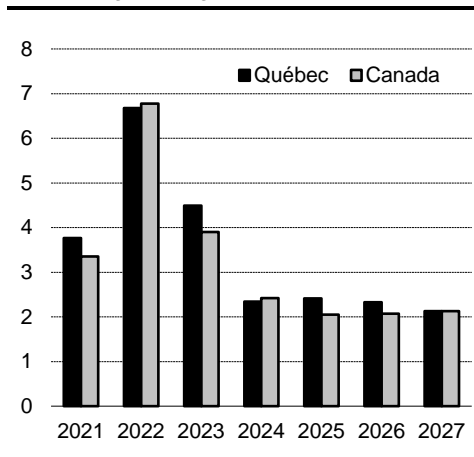
- The imposition of tariffs on U.S. imports caused disruptions in some global supply chains and led to higher prices for several goods and services. Since a significant portion of consumer goods and input used by businesses come from the U.S. market, these tariffs directly increase import costs. In addition, the weakness of the Canadian dollar contributed to the higher cost of imported products.
- Nevertheless, the drop in oil prices has eased pressure on production and transportation costs.

Over the next few months, despite certain fluctuations, inflation is expected to remain close to the Bank of Canada's 2% target. In Québec, it is expected to average 2.3% in 2026 and 2.1% in 2027.

- For these two years, headline inflation in Québec is expected to be slightly higher than that expected for Canada (2.1% in 2026 and 2.1% in 2027). This trend is due in particular to housing costs, which should see faster growth than in Canada.

CHART E.16

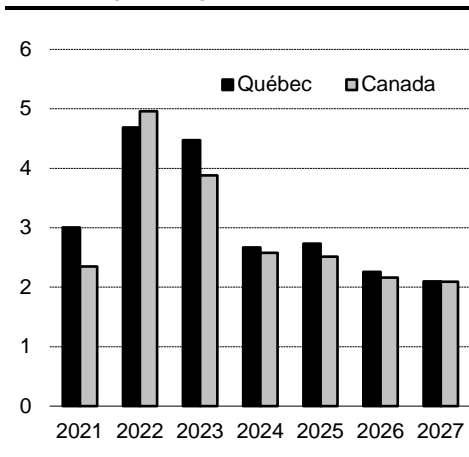
Total CPI (percentage change)



Sources: Statistics Canada and Ministère des Finances du Québec.

CHART E.17

CPI excluding food and energy (percentage change)



Sources: Statistics Canada and Ministère des Finances du Québec.

Slightly stronger inflation in Québec than in Canada

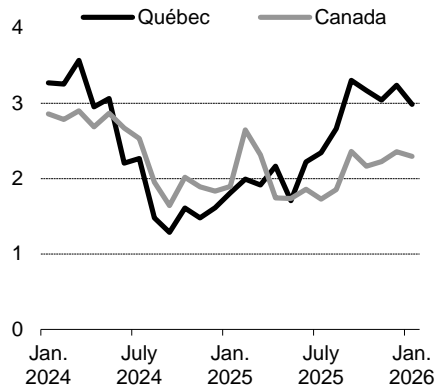
After a period characterized by slower price increases in Québec than in Canada, the annual increase in the Consumer Price Index (CPI) in Québec is exceeding, since June 2025, the national level. In particular, in January 2026, annual CPI growth reached 3.0% in Québec, compared to 2.3% in Canada. This trend is notably due to:

- housing prices (+4.9% in January), which are rising faster than in Canada (+1.7%);
 - The housing market is slow in Canada, while it remains dynamic in Québec. In particular, the average price of a property on the resale market was up 8.1% in 2025 in Québec, while it was down 1.5% for the same period in the country as a whole. Despite this increase, housing prices in Québec remain lower than in Canada.
 - Excluding housing, annual inflation stands at 2.2% in January in Québec, and 2.5% in Canada.

- energy prices, which fell by 5.4% in Québec in January compared to a 10.9% decline in Canada.
 - The removal of the federal fuel charge (carbon tax) for Canadian consumers, with the exception of Québec, on April 1, 2025, continues to impact annual inflation. It should be noted that Québec has its own carbon pricing mechanism.

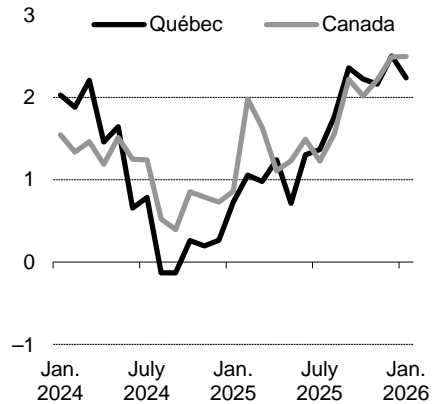
Over the next few months, annual inflation in Québec is expected to return to a rate comparable to that observed in Canada. The recovery in housing starts in Québec since 2024, combined with a shrinking population, will contribute to easing pressures on housing prices. Moreover, the temporary effect on inflation in Canada that was brought about by the abolition of the carbon tax will dissipate starting in April 2026.

Trends in CPI
(annual percentage change)



Source: Statistics Canada.

Trends in CPI excluding housing
(annual percentage change)



Source: Statistics Canada.

The imbalance in the housing market will quickly fade, easing pressure on prices

In general, housing starts grow at a rate comparable to that of household formation¹, the latter being a major determinant of housing demand.

In 2023 and 2024, population growth accelerated in Québec, which contributed to a faster pace of household formation. Approximately 72 900 new households were formed in 2023, followed by an additional 81 300 households in 2024.

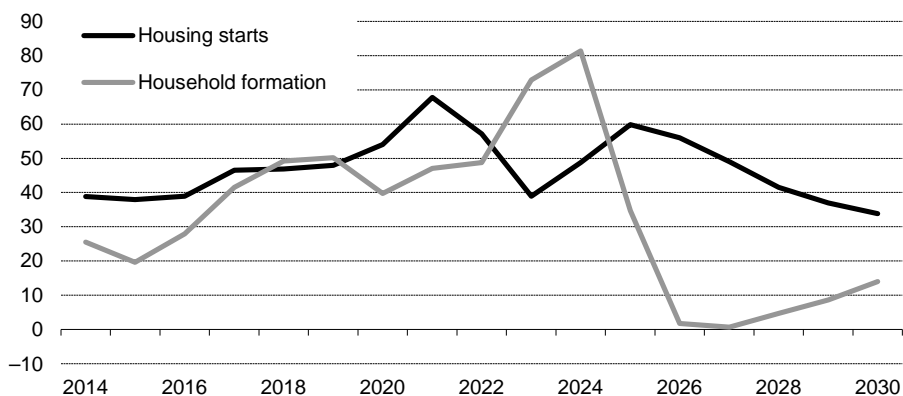
At the same time, housing starts reached a low point in 2023 (38 900 units), hampered by rising interest rates and high construction costs, in particular. They then went back up to 48 700 units in 2024, a rate that remained insufficient, however, to meet demand. This imbalance between supply and demand put upward pressure on housing prices.

In 2025, there were 59 900 housing starts, which was significantly higher than the number of households formed (34 700). This gap marks the beginning of a rebalancing of the housing market. The increased vacancy rate for rental housing, which rose from 1.8% in 2024 to 2.7% in 2025, confirms that the adjustment is well under way.

The momentum in residential construction will continue from 2026 to 2028, with housing starts expected to exceed 40 000 units per year. At the same time, household formation is expected to slow due to the anticipated decline in population. This trend will slow demand for housing in a context where supply will continue to increase, which is expected to translate into a moderation in price growth.

– In addition, Québec's Administrative Housing Tribunal has proposed a 3.1% rent increase in 2026 for units that have not undergone any major renovations. This increase is well below that proposed for 2025 (+5.9%).

Changes in housing starts and household formation in Québec (thousands)



Sources: Institut de la statistique du Québec, Canada Mortgage and Housing Corporation and Ministère des Finances du Québec.

¹ Household formation refers to the number of new private households, plus an estimate of new collective households formed, in particular, by people living in seniors' residences.

1.12 Nominal GDP growth will decelerate

After posting strong increases since 2021, nominal GDP, the broadest measure of the tax base and a central determinant of the change in the government's own-source revenue, should post more moderate gains, up 3.5% in 2026 and 3.4% in 2027.

- This is largely due to the deceleration in GDP price growth.
- Growth in output value over the next two years will be slightly lower than the average observed over the ten years preceding the pandemic (an average of +3.8% annually from 2010 to 2019).

While the main tax bases on which government revenues are based will generally increase, their growth will slow down.

- Growth in wages and salaries will slow significantly between 2025 (+4.4%) and 2026 (+3.0%), as the growth seen in 2025 was stimulated more significantly than it will be in 2026 by retroactive salary payments granted to public and parapublic sector employees. In 2027, the tighter labour pool resulting from the anticipated population decline will increase tensions in the labour market, exerting modest pressure on wages and salaries, which are expected to grow by 3.5%.
- Growth in consumer spending in nominal terms is expected to slow from 4.0% in 2025 to 3.8% in 2026 and 3.6% in 2027 due to moderating inflation and population decline.
- Despite the persistent climate of uncertainty, businesses managed to maintain an increase in their profits in 2025 (+5.7%). The net operating surplus of corporations is expected to increase by 3.7% in 2026 and 3.1% in 2027.
 - This trend reflects businesses' ability to adapt to rising costs, particularly through price adjustments and productivity gains. It also reflects the strong domestic demand.
 - However, this growth rate is lower than the average annual growth observed over the ten years preceding the pandemic (+4.2% on average from 2010 to 2019).

TABLE E.6

Nominal GDP in Québec (percentage change)

	2024	2025	2026	2027
Real GDP	1.7	0.8	1.1	1.4
Prices – GDP deflator	4.1	3.7	2.3	2.0
NOMINAL GDP	5.9	4.5	3.5	3.4

Note: Totals may not add due to rounding.

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

1.13 Forecasts comparable to those of the private sector

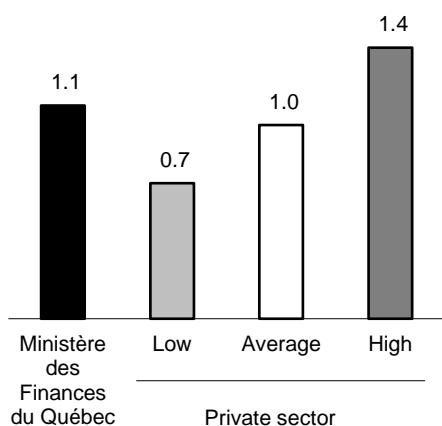
The Ministère des Finances du Québec forecasts a 1.1% increase in economic activity in 2026. This increase is similar to the average private sector forecast (+1.0%).

The Ministère des Finances is forecasting 1.4% real GDP growth in 2027. This is slightly more cautious growth than the average private sector forecast (+1.6%).

The large variation between private sector forecasts reflects the uncertainty arising from the current economic situation.

CHART E.18

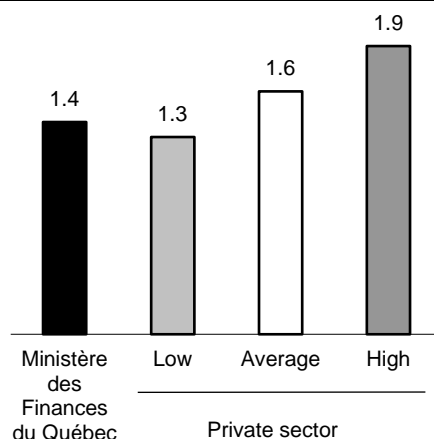
Economic growth in Québec in 2026
(real GDP, percentage change)



Source: MFQ summary as at March 9, 2026, which includes the forecasts of ten private sector institutions.

CHART E.19

Economic growth in Québec in 2027
(real GDP, percentage change)



Source: MFQ summary as at March 9, 2026, which includes the forecasts of ten private sector institutions.

TABLE E.7

Economic outlook in Québec – Comparison with the private sector
(annual percentage change)

	2025	2026	2027	2028	2029	2030	Average 2026-2030
Real GDP							
Ministère des Finances du Québec	0.8	1.1	1.4	1.5	1.5	1.4	1.4
Private sector average	0.9	1.0	1.6	1.5	1.5	1.5	1.4
Nominal GDP							
Ministère des Finances du Québec	4.5	3.5	3.4	3.4	3.4	3.3	3.4
Private sector average	4.3	3.4	3.7	3.6	3.6	3.6	3.6

Note: Averages may not add due to rounding.

Source: Ministère des Finances du Québec summary, as at March 9, 2026, which includes the forecasts of ten private sector institutions.

TABLE E.8

Economic outlook in Québec

(annual average, percentage change, unless otherwise indicated)

	2024	2025	2026	2027	2028	2029	2030
Production							
Real GDP	1.7	0.8	1.1	1.4	1.5	1.5	1.4
Nominal GDP	5.9	4.5	3.5	3.4	3.4	3.4	3.3
Nominal GDP (billions of dollars)	616.8	644.4	666.9	689.9	713.6	737.7	762.4
Components of GDP (in real terms)							
Final domestic demand	3.1	1.8	0.7	1.0	1.0	1.1	1.1
– Household consumption	2.5	1.1	1.3	1.6	1.5	1.5	1.4
– Government spending and investment	2.5	1.4	0.1	0.1	0.3	0.6	0.9
– Residential investment	5.9	8.1	0.3	-1.2	-2.8	-2.5	-1.6
– Non-residential business investment	5.5	1.5	-0.7	1.7	2.5	2.3	2.3
Exports	0.5	-1.7	1.2	2.2	2.0	2.0	1.9
Imports	1.8	1.4	0.2	1.2	1.2	1.2	1.2
Labour market							
Population (thousands)	8 995	9 058	9 045	9 025	9 012	9 007	9 014
Population aged 15 and over – Labour Force Survey (thousands)	7 435	7 579	7 601	7 597	7 596	7 606	7 623
Jobs (thousands)	4 566	4 645	4 665	4 681	4 698	4 713	4 727
Job creation (thousands)	43.2	78.8	20.4	16.1	16.3	15.3	14.0
Unemployment rate (per cent)	5.3	5.6	5.4	4.6	4.2	4.0	4.0
Other economic indicators (in nominal terms)							
Household consumption	5.1	4.0	3.8	3.6	3.4	3.3	3.2
– Excluding food expenditures and shelter	4.1	2.6	2.7	3.3	3.2	3.1	3.0
Housing starts (thousands of units)	48.7	59.9	56.0	49.0	41.5	36.9	33.9
Residential investment	9.4	14.2	3.4	1.2	-0.3	-0.2	0.8
Non-residential business investment	9.2	5.4	2.1	4.2	5.1	4.5	4.5
Wages and salaries	6.0	4.4	3.0	3.5	3.3	3.1	3.1
Household income	7.1	3.8	3.2	3.4	3.3	3.2	3.3
Net operating surplus of corporations	3.1	5.7	3.7	3.1	3.4	3.6	3.7
Consumer Price Index	2.3	2.4	2.3	2.1	2.0	2.0	2.0
– Excluding food and energy	2.7	2.7	2.3	2.1	1.9	1.9	1.9

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

2. THE SITUATION OF QUÉBEC'S MAIN ECONOMIC PARTNERS

Québec is an economy open to the world. In 2024, total exports accounted for over 45% of Québec's nominal GDP. Consequently, growth trends in Québec, particularly in exports, are largely influenced by the economic position of its main trading partners.

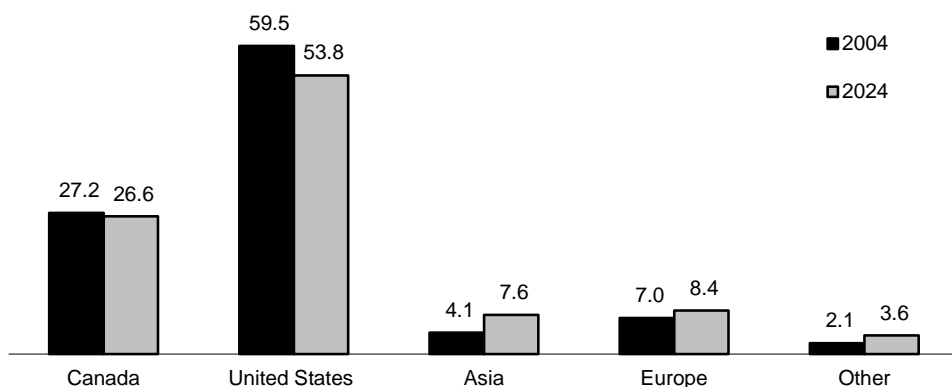
Although its trade destinations have diversified over the past 20 years, Canada and the United States remain Québec's main economic partners.

— In 2024, more than 26% of all Québec merchandise exports were destined for Canada, whereas those to the United States represented slightly less than 54%.

In the current climate of uncertainty, Québec remains highly dependent on the trade policy of its main international partner, which increases its vulnerability to external fluctuations.

CHART E.20

Share of Québec's merchandise exports by main trading partner
(percentage of total merchandise exports, in nominal terms)



Note: Merchandise exports include international and interprovincial merchandise exports.

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

2.1 The economic situation in Canada

□ The Canadian economy at a turning point in 2026

The Canadian economy remained relatively strong in 2025 (+1.7%). At the beginning of the year, U.S. companies stepped up their imports before the imposition of tariffs, which temporarily boosted trade. In addition, favourable financial conditions, driven by further cuts to policy rates and strong stock markets, helped to bolster domestic demand and sustain economic activity.

These favourable conditions are, however, gradually fading as the Canadian economy faces several headwinds. Overall, real GDP growth is expected to slow to 1.1% in 2026.

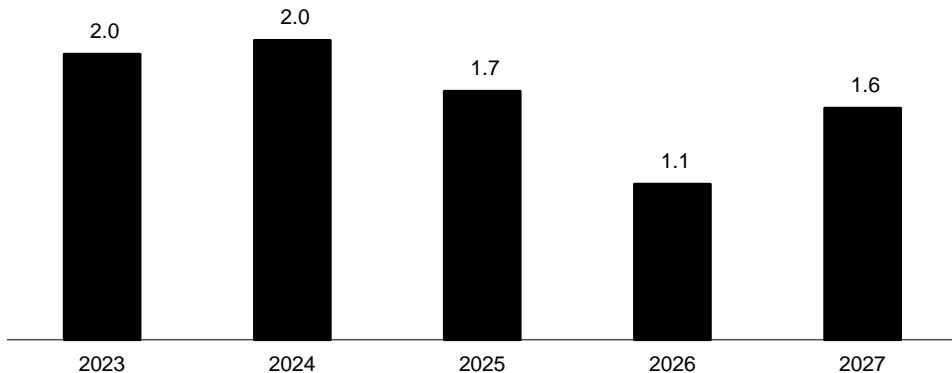
- U.S. trade and tariff policies continue to harm exporters, particularly in certain sectors, including steel, aluminum, automobile manufacturing and wood products. At the same time, persistent threats of higher tariffs combined with the uncertain outcome of the CUSMA negotiations are weakening the economic outlook, particularly by limiting non-residential investment.
- Furthermore, the federal government, in collaboration with all provinces and territories, is stepping up efforts to establish new trade partnerships to support market diversification and growth in the external sector.
- The federal government is also pursuing its goal of reducing the proportion of non-permanent residents in the population to 5.0% by the end of 2027.

As the Canadian economy adapts to the new trade environment, growth is expected to accelerate and rise to 1.6% in 2027.

CHART E.21

Economic growth in Canada

(real GDP, percentage change)



Sources: Statistics Canada and Ministère des Finances du Québec.

□ Domestic demand will support economic growth

Real GDP growth will decelerate from 1.7% in 2025 to 1.1% in 2026.

- Household consumption is expected to remain strong, supported by relatively low interest rates, but growth in consumer spending will slow, curbed in particular by population stabilization (0.0%).
- The residential market is expected to continue growing in 2026, supported by improved affordability conditions, the cumulative decline in the Bank of Canada's policy rate and the resilience of the labour market.
- The trade dispute and resulting uncertainty will temper non-residential investment.

The external sector, for its part, will contribute modestly to the rise in real GDP.

- Exports will show weak growth (+0.5%), while tariffs introduced by the United States will continue to raise the cost of exported goods, dampening demand for Canadian products.
- Meanwhile, imports will remain relatively stable (+0.1%) due, in part, to lower investment in machinery and equipment, whose components are mainly imported.

In 2027, the recovery in non-residential business investment and exports, supported by reduced uncertainty, will result in a stronger recovery in economic activity.

TABLE E.9

Real GDP and its major components in Canada (percentage change and contribution in percentage points)

	Change			Contribution		
	2025	2026	2027	2025	2026	2027
Domestic demand	2.1	1.1	1.4	2.2	1.1	1.5
Household consumption	2.3	1.6	1.8	1.3	0.9	1.0
Residential investment	1.0	2.5	0.6	0.1	0.2	0.0
Non-residential business investment	-0.2	-1.4	1.7	0.0	-0.2	0.2
Government spending and investment	3.0	0.8	0.7	0.8	0.2	0.2
External sector	—	—	—	-0.4	0.1	0.2
Exports	-1.7	0.5	2.2	-0.5	0.1	0.7
Imports	-0.4	0.1	1.3	0.1	0.0	-0.4
Inventories	—	—	—	0.0	-0.2	-0.1
REAL GDP	1.7	1.1	1.6	1.7	1.1	1.6

Note: Totals may not add due to rounding.

Sources: Statistics Canada and Ministère des Finances du Québec.

■ Population stagnation will dampen job creation

Over the next few years, the relative stagnation of the population will dampen job creation.

- After an average gain of 298 200 jobs in 2025 (+1.4%), only 113 800 jobs are expected to be created in 2026 (+0.5%) and another 140 900 in 2027 (+0.7%). The expected stagnation in the labour pool will contribute to a decline in the unemployment rate, which will fall from 6.8% in 2025 to 6.5% in 2026 and 5.7% in 2027.

■ Household consumption will support growth

Despite a certain slowdown due to population stabilization, household consumption will remain the main driver of economic activity.

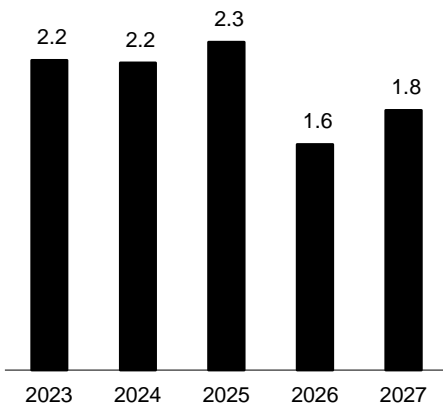
- It will be supported, in particular, by lower interest rates and various measures taken by the federal government, such as tax relief and the enhancement of the Canada Groceries and Essentials Benefit, as well as by some provincial governments to bolster household expenditures.

■ Residential investment will continue to grow

Despite disparities between provinces, residential investment in Canada returned to growth in 2025 (+1.0%) and is expected to continue to grow in 2026. It will be supported by accumulated demand and improved affordability conditions, including lower mortgage rates and prices, particularly in Ontario and Vancouver. In 2027, momentum in this sector is expected to slow, curbed in part by a declining demand for housing.

CHART E.22

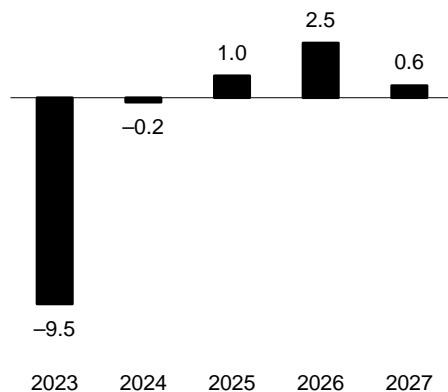
Household consumption expenditure in Canada (percentage change, in real terms)



Sources: Statistics Canada and Ministère des Finances du Québec.

CHART E.23

Residential investment in Canada (percentage change, in real terms)



Sources: Statistics Canada and Ministère des Finances du Québec.

■ Investments will return to growth in 2027

In 2026, non-residential business investment will decline for a third consecutive year (-1.4%), before returning to growth in 2027 (+1.7%).

- Uncertainty surrounding the trade dispute will lead to the postponement or even cancellation of certain projects. In addition, businesses have less cash to invest, as the net operating surplus of corporations fell 13.8% between 2022 and 2024, which limited investments.
- However, Canada's new defence policy, aligned with its NATO commitments, will help support these investments.

■ Export growth will pick up despite uncertainty

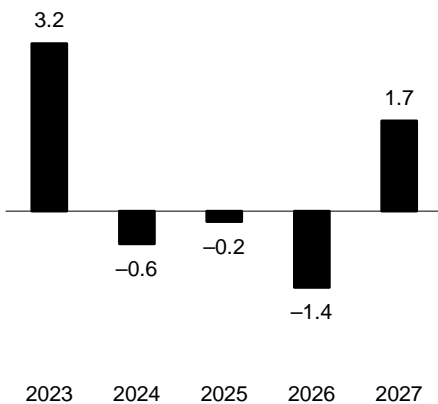
In 2026, exports will pick up slightly (+0.5%), and their growth will accelerate in 2027 (+2.2%).

Despite the persistence of tariffs, exports will benefit from the relative weakness of the Canadian dollar. Furthermore, companies are gradually diversifying their export markets. In addition, liquefied natural gas export capacity will continue to increase in 2026, which will support sales of energy products abroad.

Imports, meanwhile, are expected to grow modestly in 2026 (+0.1%) and post a 1.3% gain in 2027. They will be driven by a strong increase in domestic demand in particular. However, imports will be held back by factors such as population stagnation and weak investment in machinery and equipment.

CHART E.24

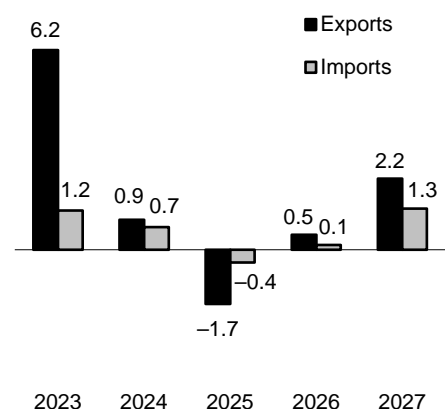
Non-residential business investment in Canada (percentage change, in real terms)



Sources: Statistics Canada and Ministère des Finances du Québec.

CHART E.25

Exports and imports in Canada (percentage change, in real terms)



Sources: Statistics Canada and Ministère des Finances du Québec.

2.2 The economic situation in the United States

□ Relatively robust economic growth in 2026

Real GDP in the United States is expected to grow by 2.3% in 2026 after increasing by 2.2% in 2025. Growth should then return closer to its potential, settling at 1.9% in 2027.

Economic activity, which showed surprising resilience in 2025 despite numerous headwinds, will benefit from domestic demand over the next two years. It will be supported in particular by:

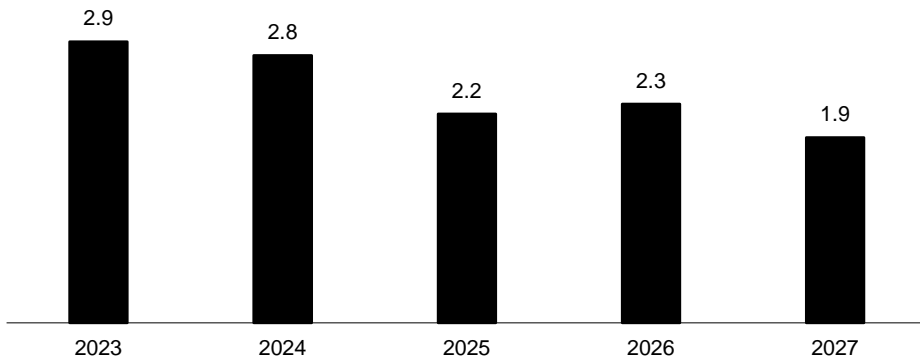
- an expansionary fiscal policy resulting from the adoption in 2025 of the *One Big Beautiful Bill Act* (OBBBA), whose effects on growth will be felt more strongly in 2026;
- easing of financial conditions, as the U.S. Federal Reserve will continue to cut its key interest rate this year amid a slowdown in the labour market, even though inflation will remain above the 2% target;
- significant investments in artificial intelligence (AI) and digital technology, which should lead to improved productivity. However, the enthusiasm surrounding AI in financial markets raises the risk that markets may overestimate the speed and scale of expected benefits.

Furthermore, certain factors will limit the growth of the U.S. economy, namely geopolitical and trade tensions, and restrictive migration policies that could further limit the supply of workers and fuel inflation.

CHART E.26

Economic growth in the United States

(real GDP, percentage change)



Sources: S&P Global and Ministère des Finances du Québec.

❑ Consumer spending will remain high

Following 2.7% growth in 2025, household consumption expenditure is forecast to increase by 2.4% in 2026 and 2.2% in 2027.

- U.S. household spending will be supported by improved financial wealth and the massive fiscal stimulus plan of 2025.
- However, it will be limited by somewhat high inflation (2.6% in 2026 and 2.4% in 2027), by the slowdown in job creation, which will fall from an average of approximately 120 000 jobs per month in 2024 to an average of 35 000 jobs per month from 2025 to 2027, and by fragile consumer confidence.

❑ The real estate sector is expected to rebound in 2027

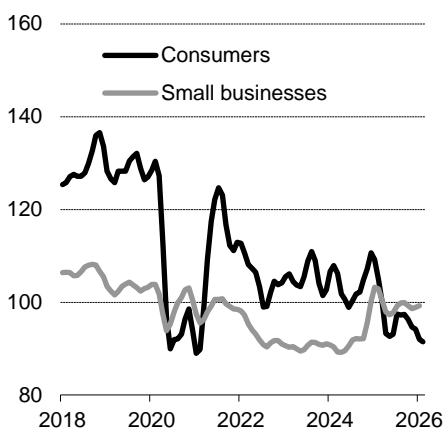
Residential investment will decline slightly in 2026 (–0.9%) before rebounding in 2027 (+2.1%). It had contracted by 2.2% in 2025.

- The labour shortage caused in particular by restrictive migration policies will dampen residential investment.
- Furthermore, with the decline in net immigration, the pace of household formation is also expected to slow, which, combined with the slowing labour market, will limit housing demand and housing starts.

Nevertheless, the expected continued decrease in mortgage rates and more moderate real estate prices will improve housing affordability and promote a recovery in the residential market in 2027.

CHART E.27

Confidence indices in the United States (indices, three-month moving average)

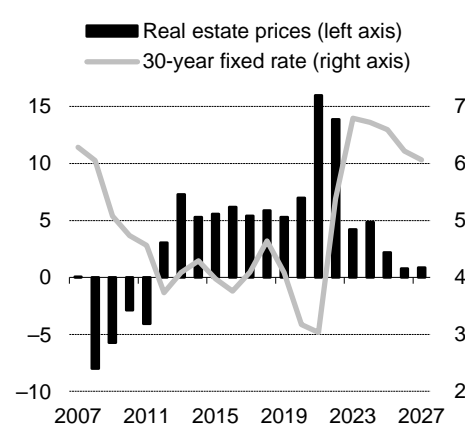


Note: The base year (100) is 1985 for the consumer confidence index and 1986 for the business confidence index.

Source: S&P Global.

CHART E.28

Growth in real estate prices and mortgage rates in the United States (per cent)



Sources: S&P Global, Bloomberg and Ministère des Finances du Québec.

❑ Artificial intelligence, a driver of business investment

Non-residential business investment is expected to increase by 2.5% in 2026 and 2.1% in 2027, after growing strongly by 4.2% in 2025.

It will continue to grow, mainly driven by the rise of AI, which will remain a driver of business capital expenditures after encouraging the digital shift in the years following the pandemic.

- Investments in AI will remain at the forefront in 2026, and could exceed US\$500 billion, according to some experts. Computer purchases, data centre construction and investments in intellectual property products, such as research and development, will remain strong.
- The significant tax measures in the OBBBA, such as accelerated deductions for certain eligible capital expenditures, will support business investment. This will also be the case for the decrease in corporate financing costs resulting from monetary policy easing.

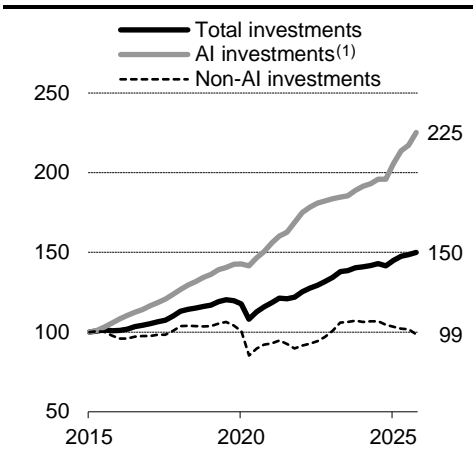
The strong rise in investment will nevertheless slow as the positive effects of the OBBBA fade.

- Added to this is somewhat high inflation, fuelled in particular by tariffs and electricity costs, as well as a labour shortage.

CHART E.29

Non-residential business investment in the United States

(index, first quarter of 2015 = 100, in real terms)



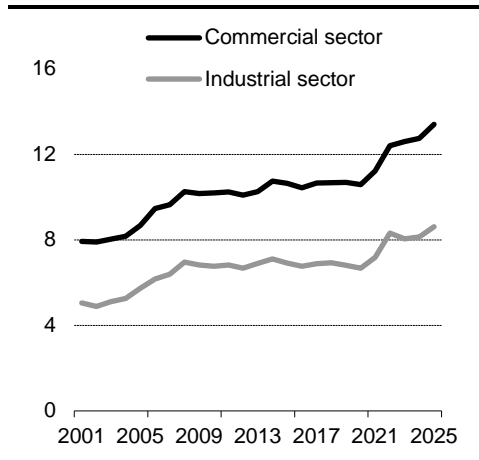
(1) Investments in computer equipment, research and development and software.

Sources: S&P Global and Ministère des Finances du Québec.

CHART E.30

Average price of electricity in the United States

(in U.S. cents per kWh)



Source: U.S. Energy Information Administration.

❑ An expansionary fiscal policy

After growing by 1.2% in 2025, spending by all levels of government is expected to slow significantly, increasing by 0.6% in 2026 and 0.4% in 2027.

— Growth in federal government spending will slow from 1.6% in 2026 to 0.4% in 2027, while state and local government spending will remain relatively stable.

Despite weak discretionary expenditures in real terms, the budgetary deficit and public debt will rise due to the fiscal stimulus plan. Furthermore, tariff revenue growth could be slower following the Supreme Court's decision to strike down a large portion of the tariffs.

❑ The external sector influenced by trade policy

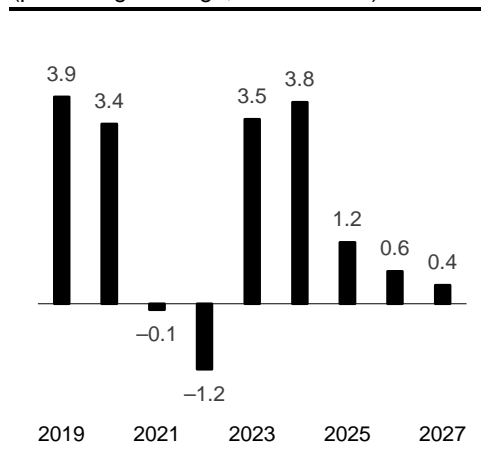
Exports will grow by 1.8% in 2026 and 2.1% in 2027, benefiting from global demand and the depreciation of the U.S. dollar.

In addition, high tariffs, which have increased the cost of imported goods, will result in a 0.5% decline in imports in 2026. However, imports will return to growth in 2027 (+2.6%), underpinned by domestic demand, including business investment.

Overall, net exports will contribute 0.2 percentage points to real GDP growth. Trade policy will continue to affect exchanges between the United States and its trading partners, while investments in AI, among other things, will keep the trade deficit at a high level.

CHART E.31

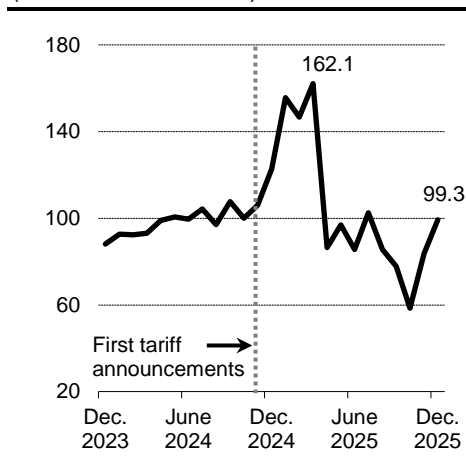
Government spending in the United States (percentage change, in real terms)



Sources: S&P Global and Ministère des Finances du Québec.

CHART E.32

Goods trade deficit in the United States (billions of U.S. dollars)



Source: S&P Global.

Growth supported by a generous fiscal stimulus plan

On July 4, 2025, the U.S. government passed the *One Big Beautiful Bill Act*, or OBBBA. This new law made permanent a number of tax measures adopted during the 2017 tax reform, which were due to expire at the end of 2025.

It also introduced new measures that change taxation for households and businesses, the structure of certain tax credits and the financing and delivery of several social programs. Among other things, the OBBBA:

- makes permanent the 2017 changes to tax rates and brackets and extends inflation indexation by one year for the 10%, 12% and 22% tax brackets;
- accelerates deductions for business investments (accelerated depreciation), reducing the effective marginal tax rate on these capital expenditures;
- increases public expenditures in sectors deemed to be priorities, such as defence and security, while reducing other types of discretionary expenditures.

According to the Congressional Budget Office (CBO), a nonpartisan agency of the United States Congress, the medium- and long-term impacts of the OBBBA are uncertain.

- It should stimulate growth in the short term but will widen inequalities between households and worsen public finances.

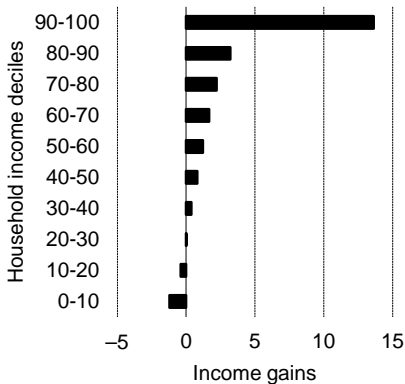
Support for growth in the coming years

The CBO estimates that the new law will raise real GDP by 0.4% in 2025, 0.9% in 2026 and 0.7% on average per year from 2027 to 2034.

In the short term, the gains will come from increased demand for goods and services. In the long term, they will result from an increase in the number of hours worked and investment.

Effects of the OBBBA on household income

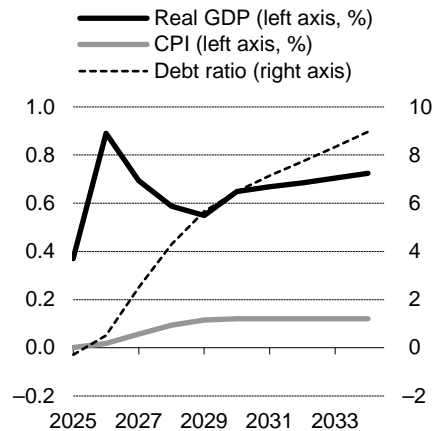
(thousands of U.S. dollars; 2026-2034)



Source: Congressional Budget Office.

Macroeconomic impacts of the OBBBA

(percentage points, unless otherwise indicated)



Source: Congressional Budget Office.

Growth supported by a generous fiscal stimulus plan (cont.)

A significant source of inequality within the U.S. economy

This generous fiscal stimulus plan will fuel inflation somewhat by boosting demand. In addition, it will widen the income gap between wealthier households and low-income households.

- High-income households will be the main beneficiaries, while low-income households will lose out due to reduced social transfers from the federal government and states.

Against this backdrop, several experts believe that the OBBBA could exacerbate the K-shaped economy phenomenon previously observed, in particular in 2025. This concept expresses a two-speed recovery where one part of the economy accelerates (the upper arm of the K), while others stagnate or decline (the lower arm).

- For example, in 2025, income and asset growth were exceptionally strong for wealthier households, but more modest for less affluent ones.
- As a result, the wealthiest 40% of households accounted for approximately 60% of consumption in the United States.
- In addition, investments in certain sectors such as artificial intelligence have increased significantly, to the detriment of investments in other sectors.

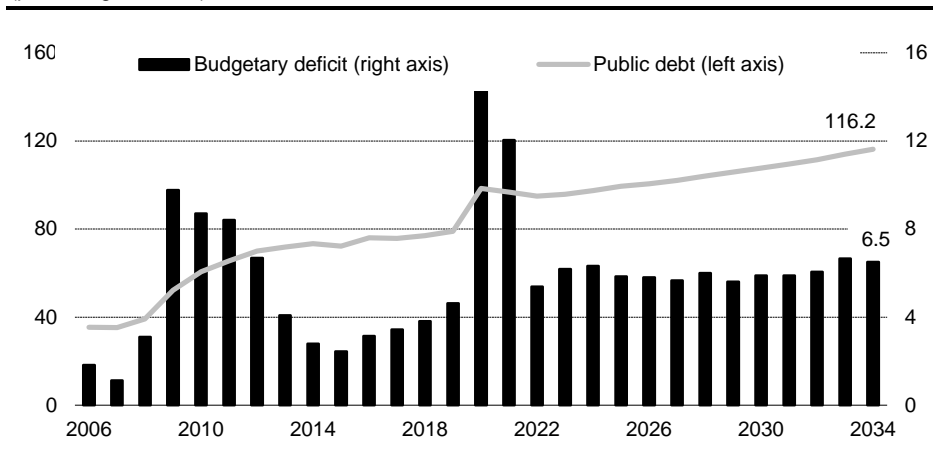
A significant increase in the deficit and public debt

The CBO anticipates upward pressure on public debt and debt service in the medium term, which will alter the United States' already precarious fiscal trajectory.

- The measures outlined in the OBBBA will reduce federal revenue by nearly US\$4 500 billion by 2034 and public spending by approximately US\$1 100 billion. Accordingly, they will increase the deficit by US\$4 200 billion. The debt ratio will reach 108% of GDP in 2030, exceeding its 1946 peak, and 116% in 2034.

Budgetary deficit and government debt in the United States

(percentage of GDP)



Source: Congressional Budget Office.

3. THE GLOBAL ECONOMIC SITUATION

□ The global economy is proving resilient

Global real GDP growth was 3.4% in 2025 and is expected to slow slightly to 3.2% in 2026 and 2027. The global economy is nevertheless showing resilience in an international context that remains marked by numerous disruptions and the resulting uncertainty.

— The slowdown expected in 2026 will be reflected in the growth of several advanced and emerging economies.

The high tariffs imposed by the United States on imports since spring 2025 are hindering global economic growth and leading to increased trade volatility. The effects of tariffs are amplified by the high uncertainty weighing on business confidence and limiting investment.

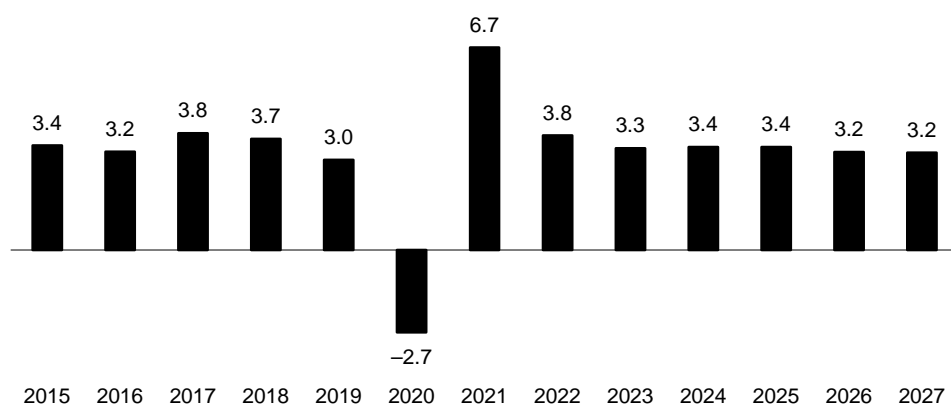
Agreements between the United States and its trading partners have nevertheless led to a reduction in some tariffs, and many countries are gradually adjusting to this new reality. In addition, moderate inflation, more accommodative financial conditions and expansionary budgetary policies in several major advanced economies will continue to buoy economic activity.

However, numerous vulnerabilities could slow growth in some countries in the coming years. These include worsening geopolitical tensions and a possible deterioration in public finances, which could lead governments to limit their spending.

CHART E.33

Global economic growth

(real GDP in purchasing power parity, percentage change)



Sources: International Monetary Fund, S&P Global, LSEG Datastream, Bloomberg, Eurostat and Ministère des Finances du Québec.

TABLE E.10

Outlook for global economic growth
(real GDP, annual percentage change)

	Weight ⁽¹⁾	2025	2026	2027
World⁽²⁾	100.0	3.4	3.2	3.2
Advanced economies⁽²⁾	39.8	1.9	1.7	1.6
Québec	0.3	0.8	1.1	1.4
Canada	1.3	1.7	1.1	1.6
United States	14.8	2.2	2.3	1.9
Euro area	11.7	1.4	1.1	1.4
– Germany	3.0	0.2	0.8	1.3
– France	2.2	0.8	0.9	1.0
– Italy	1.8	0.5	0.6	0.8
United Kingdom	2.2	1.3	1.1	1.2
Japan	3.3	1.1	0.8	0.8
Emerging and developing economies⁽²⁾	60.2	4.4	4.2	4.2
China	19.3	5.0	4.5	4.2
India ⁽³⁾	8.1	7.2	6.5	6.5

(1) Economic weight according to purchasing power parity. The weights shown are for the year 2024.

(2) GDP in purchasing power parity.

(3) Data for the fiscal year (April 1 to March 31).

Sources: International Monetary Fund, S&P Global, Institut de la statistique du Québec, Statistics Canada, Bloomberg, LSEG Datastream, Eurostat and Ministère des Finances du Québec.

□ Growth slowdown in advanced economies

Real GDP growth in advanced economies is expected to moderate to 1.7%, on average, in 2026 and 1.6% in 2027, compared to 1.9% in 2025. However, the United States will continue to experience strong economic growth in 2026.

— Economic growth is expected to moderate in 2026 in several advanced economies, including Canada, the euro area and Japan.

In some countries, such as the United States and the United Kingdom, monetary easing could continue in 2026, which would support economic activity.

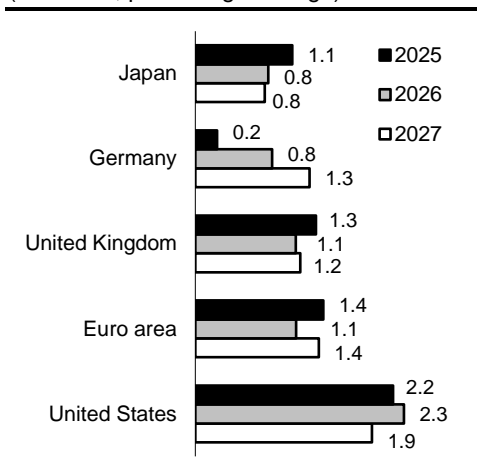
In addition, fiscal expansion in the United States, Germany and Japan, among others, will also have a positive effect on growth, but the resulting deterioration in public finances remains a significant risk in the longer term.

U.S. tariffs will continue to hamper economic growth in advanced economies, but their impact could ease in the medium term. Furthermore, many Asian economies, such as Japan, South Korea and Taiwan, are capitalizing on strong demand, particularly from the U.S., for their exports in the technology sector.

— The euro area, meanwhile, appears to be benefiting less from the boom in the technology sector, and its manufacturing sector continues to be weighed down by high energy costs and foreign competition.

CHART E.34

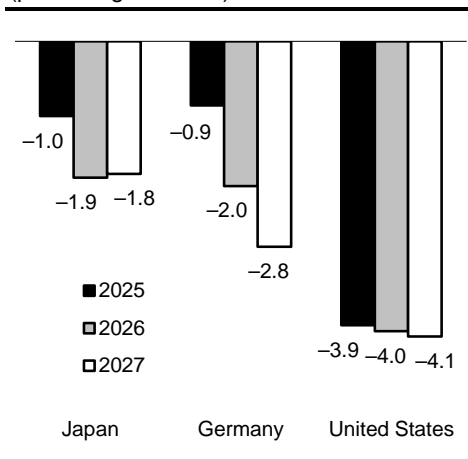
Economic growth in select major advanced economies (real GDP, percentage change)



Sources: International Monetary Fund, S&P Global, LSEG Datastream, Bloomberg, Eurostat and Ministère des Finances du Québec.

CHART E.35

Primary budgetary balance in select major advanced economies (percentage of GDP)



Note: Budgetary balance excluding interest payments, adjusted for cyclical economic variations and expressed as a percentage of potential GDP.

Source: International Monetary Fund.

A worldwide deterioration of public finances

According to the International Monetary Fund (IMF), global public debt is projected to increase, rising from 94.7% of GDP in 2025 to 101.1% in 2029. This would put it at its highest level since 1948. In the past year, the IMF has adjusted its forecast for global public debt in 2029 upward by 2.4 percentage points and believes that there is a risk of an even greater increase.

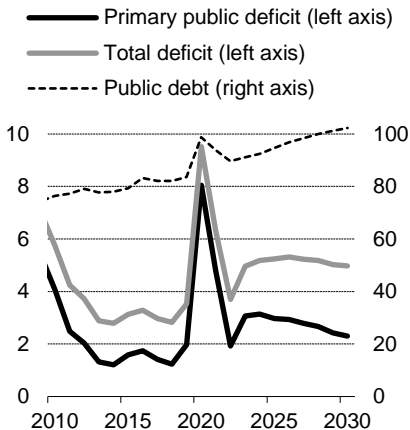
- The deterioration in public finances is occurring against a backdrop of moderate economic growth and rising borrowing costs for governments, following a period of low interest rates. Governments are also facing upward pressure on their spending.
 - Among other things, NATO countries, including Canada, have agreed to significantly increase their military spending. Population aging in advanced economies is also putting pressure on public finances.

Some major economies, such as those of the United States, the United Kingdom and France, are in a budgetary situation that is difficult to sustain over the long term and are facing high interest payments. Furthermore, public debt exceeds 100% of GDP in most G7 economies.

This deterioration in public finances in several major economies is one of the factors that could exert upward pressure on long-term interest rates, thereby increasing debt service costs and worsening public finances in many countries.

- In addition, developments in these areas could pose a significant risk to the economic situation and the long-term stability of the global financial system. For instance, precarious public finances could limit the leeway of governments to intervene in the event of a negative economic shock.

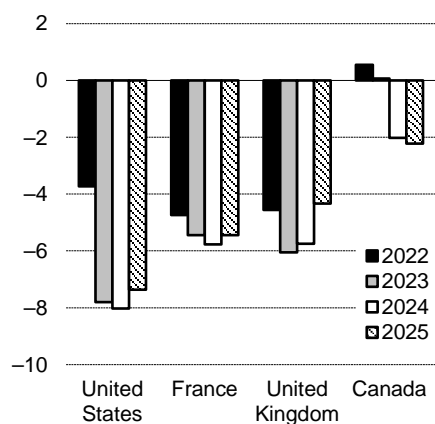
Outlook for public finances worldwide (percentage of GDP)



Note: The primary public deficit excludes net interest payments.

Source: International Monetary Fund.

Budgetary balance in select G7 economies (percentage of GDP)



Note: Budgetary balance for all public administrations, including public pension plans.

Source: International Monetary Fund.

□ Dampening of growth in emerging economies

Real GDP growth in emerging economies is expected to be 4.4% in 2025 and 4.2% in 2026 and 2027. Growth will slow in 2026 compared to 2025, particularly in China and India, the two largest emerging economies.

— Overall, economic growth in emerging economies will be supported by the easing of trade tensions and adjustment to this new reality, stabilization of commodity prices, improved financial conditions and strengthened investment flows.

In China, the country hardest hit by U.S. tariffs, real GDP growth is expected to slow gradually, from 5.0% in 2025 to 4.5% in 2026, and then to 4.2% in 2027.

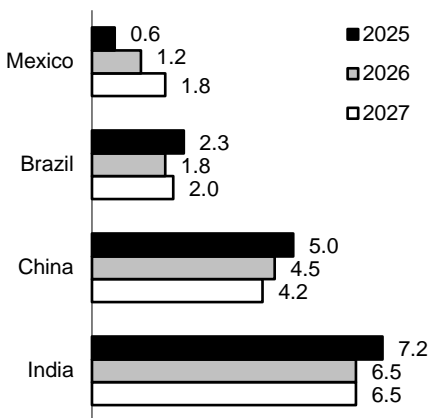
— Weak domestic demand, high tariffs on exports to the United States, difficulties in the real estate sector and a less expansionary budgetary policy are weighing on growth.

— Other structural challenges, such as the weak labour market and an aging population, are also curbing economic activity.

— However, Chinese authorities continue to support economic growth, and, in recent months, the country has managed to diversify its export markets, thereby limiting the impact of U.S. tariffs.

CHART E.36

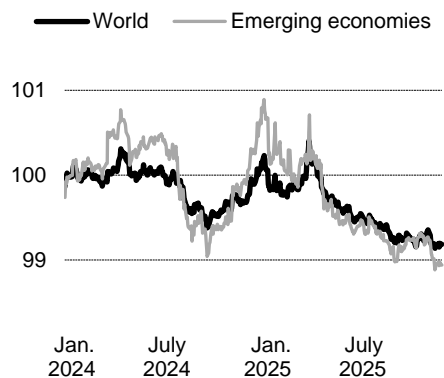
Economic growth in select major emerging economies (real GDP, percentage change)



Sources: International Monetary Fund, S&P Global, LSEG Datastream, Bloomberg and Ministère des Finances du Québec.

CHART E.37

World Bank's financial conditions index (index in points, January 2024 = 100)



Note: A lower value indicates more flexible financial conditions.

Source: World Bank.

Global trade is experiencing disruptions

In recent years, international trade has been disrupted by several events, including the COVID-19 pandemic, the war in Ukraine and the conflicts in the Middle East, as well as by the resulting significant disruptions in supply chains.

- Furthermore, in 2025, the United States, the world’s largest importer, significantly increased its tariffs. This more restrictive trade policy could potentially contribute to a decline in the significance of the United States in international trade in the coming years.

In this context, fears of trade fragmentation and a slowdown in globalization have emerged as economies adjust to a new reality.

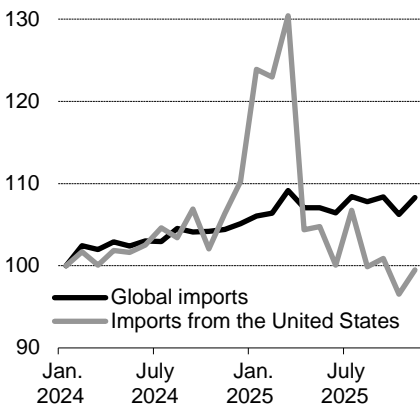
- Since 2022, trade between countries with regional trade agreements has generally proven more resilient than trade between countries without such agreements. Trade between developing countries in particular has continued to grow strongly.
- Over the next few years, economies with more diversified export markets are expected to experience stronger trade growth.

Nevertheless, growth in global merchandise trade accelerated in 2025. Total trade was buoyed by the acceleration of exports to the United States at the beginning of the year to avoid tariffs and the surge in demand for artificial intelligence (AI) products.

In summary, global trade growth is expected to continue in the medium term. However, it could prove volatile depending on developments in trade policies and the technology sector, particularly in the United States.

Change in the volume of merchandise imports

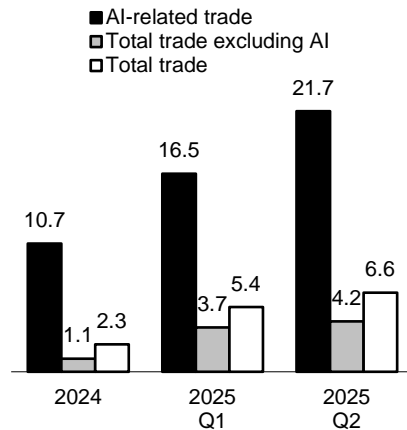
(index in points, January 2024 = 100)



Sources: CPB Netherlands Bureau for Economic Policy Analysis and Ministère des Finances du Québec.

Change in global merchandise trade

(annual percentage change)



Source: World Trade Organization.

4. DEVELOPMENTS IN FINANCIAL MARKETS

❑ Investor confidence tested by the presence of several risks

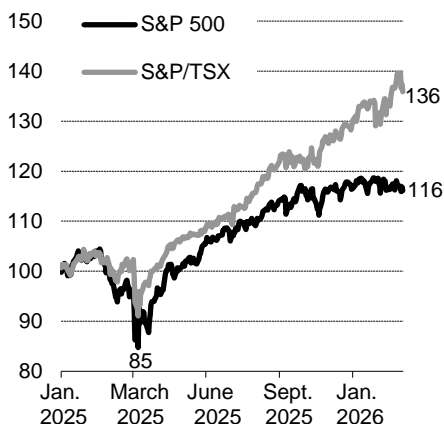
International financial markets have evolved in a relatively favourable environment over the past few months. The global economy has proven more resilient than expected and inflation is under control in most advanced economies, while continued monetary easing and budgetary support have helped sustain growth.

- Most stock markets, in particular the Canadian market, have generally continued to perform well since the fall. In the United States, however, concerns about the future profitability of massive investments in artificial intelligence have resulted in lower returns than elsewhere. Recently, heightened geopolitical tensions have dampened investors' appetite for risk.
- For their part, global bond yields have shown mixed results. They are expected to stabilize over the coming quarters, but significant risks remain regarding high levels of budgetary deficits, public debt in major economies, and future inflation trends.
- Furthermore, although oil prices rose in early 2026 due to geopolitical tensions in the Middle East, they are expected to moderate over the coming months as a result of global production surpluses.

CHART E.38

North American stock markets developments

(index, December 31, 2024 = 100)

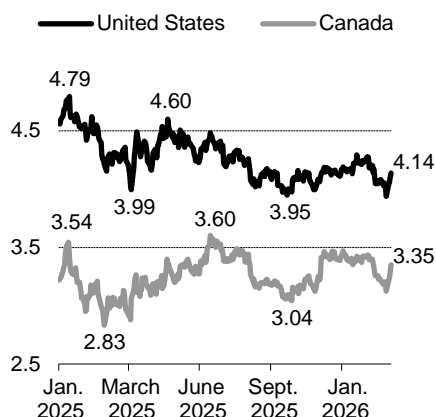


Note: Most recent figure is for March 5, 2026.
Sources: Bloomberg and Ministère des Finances du Québec.

CHART E.39

Yield on 10-year federal bonds

(per cent)



Note: Most recent figure is for March 5, 2026.
Source: Bloomberg.

❑ Status quo for the Bank of Canada in 2026

In January 2026, the Bank of Canada kept its policy rate at 2.25% for the second consecutive meeting. It considers that the current level of the policy rate remains appropriate if the economy evolves in accordance with its outlook.

— Headline inflation in the country was 2.3% in January, and the Bank expects it to remain close to the 2% target over the coming quarters.

Furthermore, the Bank of Canada believes that ongoing trade uncertainty with the United States and geopolitical risks are weakening the Canadian economy's outlook for growth.

— In this context, the Bank of Canada is expected to keep its policy rate unchanged this year, before raising it in 2027 to 2.50%.

❑ End of rate cuts in the United States in 2026

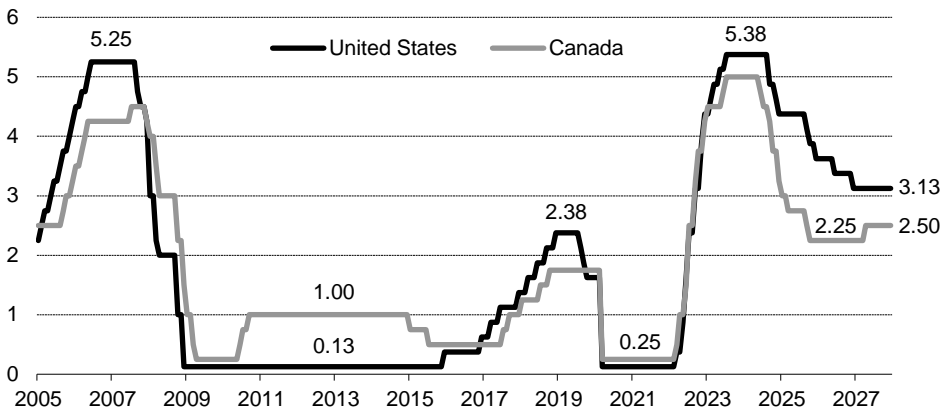
The U.S. Federal Reserve kept its key interest rate in the range of 3.50%-3.75% in January, following three consecutive cuts in the fall of 2025.

— Thanks to the strength of the U.S. economy, and despite the slowdown in the labour market and inflation remaining relatively high, expectations regarding the extent of future monetary easing in the United States have moderated somewhat in recent months.

The Federal Reserve considers that its current monetary policy is appropriate. Therefore, it is expected to be patient before making further adjustments. Two rate cuts are expected for 2026, the next one in June, bringing the key interest rate within the 3.00%-3.25% range.

CHART E.40

Policy rate in Canada and the United States (overnight rate target and federal funds target rate,⁽¹⁾ per cent)



(1) Midpoint of the target range for the federal funds rate.

Sources: Statistics Canada, Bloomberg and Ministère des Finances du Québec.

□ Bond yields are expected to stabilize in 2026

Since fall 2025, bond yields have been mixed in North America. Toward the end of 2025 they were supported by the expectation of less accommodative monetary policies. Risk premiums on government bonds also continued to trend upward.

— However, the continued slowdown in inflation in Canada and the United States has led to an easing of bond yields in February 2026. Yields began to climb again in early March due to the conflict in the Middle East.

Bond yields are expected to stabilize somewhat over the coming quarters, as the financial markets appear to have fully taken into account the short-term outlook for monetary policy.

— However, bond yields could prove volatile, in particular due to risks associated with expansionary budgetary policies and the persistent inflationary risk stemming from U.S. trade policy.

□ The Canadian dollar is expected to gradually appreciate in 2026

In 2025, the Canadian dollar had a rather difficult year, mainly due to increased economic and trade uncertainty. It depreciated by nearly 5% to an average of 71.5 U.S. cents, its lowest level since 2002.

— However, it recovered somewhat in early 2026, benefiting from the widespread decline of the U.S. dollar and rising commodity prices. However, the currency market remains volatile.

The Canadian dollar is expected to gradually appreciate over the coming quarters. It will mainly be supported by the expected decline of the U.S. dollar against major currencies, in a context where new investments could be more directed outside the United States.

— However, continued uncertainty in trade relations between Canada and the United States, particularly with the upcoming CUSMA review, could limit the upside potential for the Canadian dollar.

TABLE E.11

Canadian financial markets

(average annual percentage, unless otherwise indicated, end-of-year data in brackets)

	2025	2026	2027
Overnight rate target	2.6 (2.3)	2.3 (2.3)	2.4 (2.5)
3-month treasury bill	2.6 (2.2)	2.2 (2.3)	2.4 (2.5)
10-year bond	3.2 (3.4)	3.3 (3.3)	3.3 (3.3)
Canadian dollar (in U.S. cents)	71.5 (72.9)	73.6 (74.3)	75.5 (76.5)
U.S. dollar (in Canadian dollars)	1.40 (1.37)	1.36 (1.35)	1.32 (1.31)

Sources: Statistics Canada, Bloomberg and Ministère des Finances du Québec.

❑ Energy prices will show moderate growth

Oil prices have risen significantly since the beginning of 2026, largely due to geopolitical tensions, caused in particular by the outbreak of a new armed conflict in the Middle East.

- In 2026, global demand for oil is, however, expected to continue growing at a moderate pace due to a slight slowdown in global economic growth and high global oil inventories.
- Furthermore, abundant global supply should keep the oil market in a significant surplus this year, putting downward pressure on prices over the coming quarters.

The persistent high level of economic uncertainty, geopolitical tensions and potential disruptions to oil trade flows are all factors that could influence oil prices in the coming months.

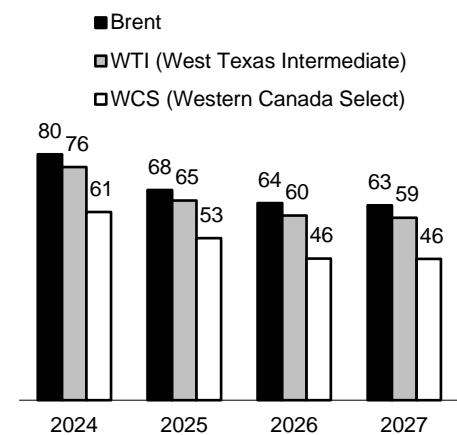
Meanwhile, natural gas prices more than doubled in the United States in January 2026, fuelled by an increase in demand for gas for heating due to harsh weather conditions.

- Natural gas prices are expected to rise in 2026 and 2027, supported by the expansion of liquefied natural gas export capacity in the United States and increased consumption for electricity generation. However, the expected increase in prices should remain moderate due to the anticipated increase in U.S. production.

CHART E.41

Change in Brent, WTI and WCS oil prices

(U.S. dollars per barrel)

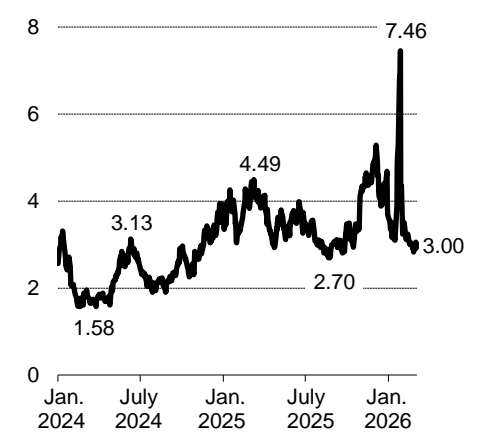


Sources: Bloomberg and Ministère des Finances du Québec.

CHART E.42

Change in natural gas price

(Henry Hub, U.S. dollars per MMBtu)



Note: Most recent figure is for March 5, 2026.
Source: Bloomberg.

Increase in the price of several metals since 2025

In 2025, metal prices were influenced by, among other things, U.S. tariff policy and structural disruptions between global supply and demand in several markets. Against this backdrop, prices have generally risen in recent months but remain volatile.

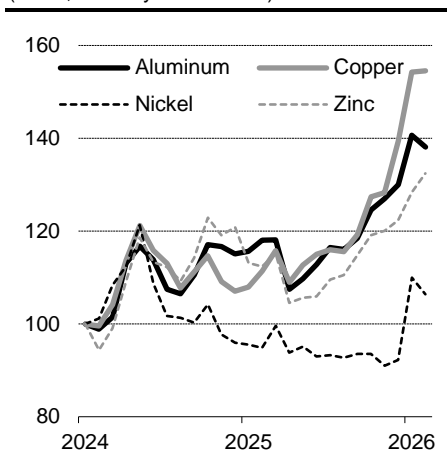
Base metal prices were supported by stronger-than-expected Chinese demand, government policies aimed at reducing excess production or limiting exports, and concerns about global supply. Intensified speculative activity in the fourth quarter of 2025 also accentuated the upward trend in metal prices.

- The price of aluminum rose by 17% in 2025 due to the outlook for tighter global supply. U.S. tariffs on aluminum imports have more than tripled the premium for aluminum deliveries to the United States and reduced U.S. imports, particularly from Canada.
- The price of copper reached an all-time high in January 2026. Several disruptions in operations at major mines have reignited concerns about supply. Uncertainty surrounding the application of U.S. tariffs on copper products, as well as the expected increase in electrification with the rise of AI and the development of data centres, also supported the price.

In addition, the price of gold rose by more than 60% in 2025. It then set an all-time high in January 2026 at over US\$5 400 per ounce. The price of gold benefited from this metal's role as a safe haven amid geopolitical and trade uncertainties, a resumption of exchange-traded fund purchases, increased physical demand for gold bullion in Asia and continued massive purchases made by central banks seeking to further diversify their reserves.

Change in base metal prices

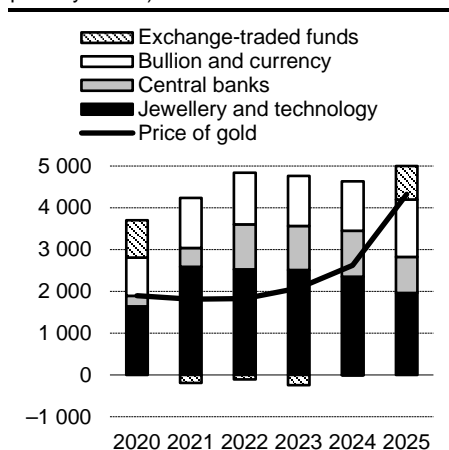
(index, January 2024 = 100)



Note: The latest month available is February 2026.
Sources: Bloomberg and Ministère des Finances du Québec.

Change in demand for and price of gold

(demand in metric tons and price in US\$ per troy ounce)



Sources: World Gold Council, Bloomberg and Ministère des Finances du Québec.

5. THE MAIN RISKS THAT MAY INFLUENCE THE FORECAST SCENARIO

The baseline scenario is based on multiple assumptions that are tied to risks that may impact changes in forecasts.

- The main risk concerns changes in U.S. economic and trade policies. Uncertainty regarding tariffs has remained high in the United States since the beginning of 2026.
 - An additional increase in tariffs or the end of trade agreements such as CUSMA could heighten supply chain disruptions and cause a slowdown in international trade, thus dampening global economic growth.
 - Conversely, the signing of trade agreements, or even a favourable review of CUSMA, could mitigate the extent of the expected economic slowdown.
 - Likewise, a U.S. economy that is more resilient than expected in the face of various sources of uncertainty could have a positive impact on global GDP and Québec's GDP.
 - More positive than expected effects of expansionary budgetary policy or accelerated deregulation in certain key sectors of the economy could provide stronger support for growth in economic activity in the United States.

Other risks with potential favourable or unfavourable effects include:

- a shift in inflation;
 - Under the baseline scenario, headline inflation is expected to hold close to central bank targets in 2026 and 2027. However, the trade dispute, or a prolonged increase in energy prices due to continued geopolitical tensions in the Middle East, could push price growth upward. Conversely, tariffs could weaken the economy more than expected, which could limit inflation.
 - In this context, monetary policies could evolve differently from the expected trajectories.
- stronger-than-expected population growth in Québec and Canada over the next few years;
 - According to the baseline scenario, Québec is expected to experience slight population declines until 2029, and Canada's population growth is expected to remain stable in 2026 (0.0%) and 2027 (+0.1%). An increase in population in 2026 and 2027 would have a positive effect on economic activity, particularly by boosting demand for goods and services.

- persistent weakness in non-residential business investment;
 - Low levels of business investment increase the risk of a loss of competitiveness and slow economic growth. This vicious circle keeps productivity low and slows potential economic growth. Less productive businesses generate lower profits, which limits their ability to invest in innovation and in cost reduction.
- a broad-based weakening of the global economy;
 - Under the baseline scenario, a slight slowdown in global real GDP is anticipated in 2026. Heightened uncertainty or the occurrence of certain risks may trigger a sharper-than-expected decline in global growth. Such developments would further slow Québec's exports. They could also adversely affect oil prices; the province is a net oil importer.
- a worsening of geopolitical tensions;
 - The global economy must contend with significant geopolitical tensions. In particular, the heightened tensions in the Middle East, a leading energy-producing region, represent a risk for global oil supply stability, which could translate into higher prices. Such a development would adversely affect the economy of Québec, a net importer.
 - The economic scenario is based on the assumption that, despite escalating tensions with the outbreak of a new armed conflict in the Middle East, the upward effects on energy prices will be temporary and will not have a lasting impact on inflation.
- potential financial market disruptions;
 - An excessive increase in debt levels in advanced economies could further weaken debt markets, leading to negative economic and financial repercussions.
 - A sudden and rapid revaluation of the prices of certain assets, particularly on stock markets, is possible.
 - The sharp rise in U.S. stock markets in recent years was particularly concentrated in a handful of technology stocks, and was driven by high expectations of earnings growth that may not materialize. In such a case, markets and the economy as a whole could experience disruptions.
- widespread use of artificial intelligence in business operations;
 - Such a development would boost long-term productivity and economic growth. However, it could spark temporary disruptions as businesses adapt to this new technology.
- climate events.
 - Climate change and unexpected weather events may have a significant economic impact and push up commodity prices.

Section F

QUÉBEC'S FINANCIAL SITUATION

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SUMMARY

Budget 2026-2027 is an opportunity for the government to provide an overview of Québec's economic and budgetary situation and to set out its policy directions in this regard. This section reports on developments in Québec's budgetary situation for 2025-2026 and presents the budgetary forecasts up to 2030-2031.

□ Initial results confirming sound management of public finances

Through sound expenditure management and stronger-than-expected nominal GDP growth in 2025, generating higher-than-forecast tax revenue, this budget presents a budgetary situation that is proving to be better than that forecast last March.

Compared to the March 2025 budget, the accounting deficit in 2025-2026 is reduced from \$11.4 billion to \$7.7 billion, or 1.2% of GDP. The accounting deficit, that is, before deposits of dedicated revenues in the Generations Fund, is calculated on a comparable basis to the budgetary balances of the federal government and other Canadian provinces.

In 2026-2027, the accounting balance shows a deficit of \$6.3 billion (0.9% of GDP), an improvement of \$861 million compared to that forecast in Budget 2025-2026.

The budgetary deficit within the meaning of the *Balanced Budget Act*, after deposits of dedicated revenues in the Generations Fund, is adjusted downward by nearly \$3.7 billion in 2025-2026 and \$916 million in 2026-2027.

— In accordance with the *Balanced Budget Act*, a balanced budget, after deposits of dedicated revenues in the Generations Fund, will be achieved by 2029-2030 at the latest.

The government is taking another step toward achieving a balanced budget by reducing the deficits projected for 2025-2026 and 2026-2027 and the gaps to be bridged for subsequent years.

Québec's net debt burden is also adjusted downward compared to Budget 2025-2026 for each year of the financial framework.

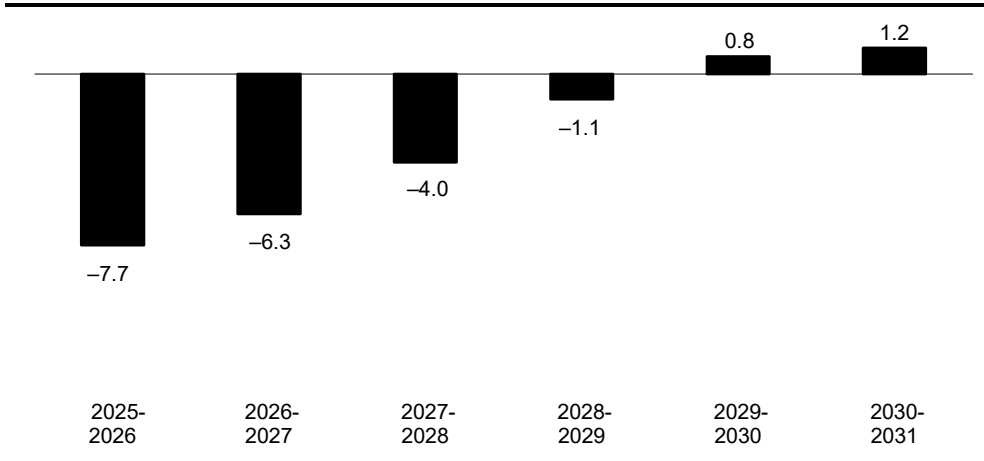
The economic and geopolitical climate calls for a responsible budget focused on Quebecers' top priorities and responsible management of public finances. Efforts to return to a balanced budget are continuing in order to preserve the long-term sustainability of Québec's finances.

Over the period covered by the financial framework, the government is taking targeted action to achieve four major objectives: accelerating Québec’s economic transformation, supporting the government’s main missions, supporting Quebecers and communities and maintaining public infrastructure.

- These significant investments in portfolios provide the basic funding needed to meet the growing needs of the population, improve the accessibility and quality of services offered to citizens, ensure the continuation of essential programs, and thus support the sustainability of public services.
- As a result, growth in portfolio expenditures projected for 2026-2027 is:
 - 4.1% in health and social services;
 - 2.4% in education;¹
 - 3.7% in higher education.
- In addition, the financial framework includes a total contingency reserve of \$8.0 billion, with \$2.0 billion in 2026-2027 and \$1.5 billion per year as of 2027-2028, which could be used, in particular, to cover unforeseen expenditures or mitigate the effects of more moderate-than-expected economic growth.
 - As in 2024-2025, the contingency reserve is not used in 2025-2026.

CHART F.1

Change in the accounting balance
(billions of dollars)



¹ Excluding the effect in 2025-2026 of the provision for implementing activities supporting the integration and francization of immigrants, the growth in expenditures stands at 3.0%.

One of the lowest budgetary deficits in Canada

In 2025-2026, all Canadian provinces showed budgetary deficits. On a comparable basis to the budgetary balances of other Canadian provinces, that is, before deposits of dedicated revenues in the Generations Fund, Québec's deficit stood at \$7.7 billion in 2025-2026, or 1.2% of GDP.

As a percentage of GDP, this is one of the lowest deficits among Canadian provinces, after Saskatchewan (0.4% of GDP), Alberta (0.9% of GDP) and Ontario (1.1% of GDP).

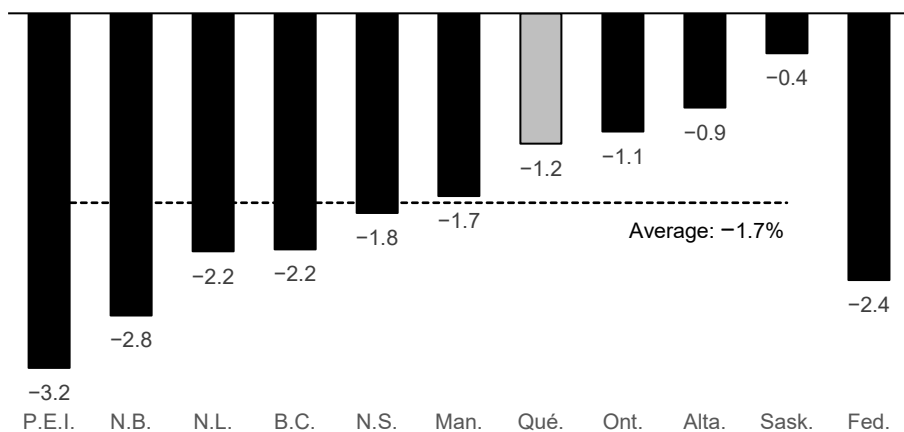
Like most Canadian provinces, Québec must rectify its fiscal deficit situation in the medium term. However, it stands out for having a law that, like in Ontario and Alberta, requires a plan or timeline for restoring balance when a deficit occurs.

- However, this law requires a return to a balanced budget after deposits of dedicated revenues in the Generations Fund, which imposes an additional constraint for Québec compared to other provinces.

Québec aims to restore balance by 2029-2030, while several other provinces with deficits have not set a date.

2025-2026 budgetary balance

(percentage of GDP)



Notes: For Québec, this is the accounting deficit, that is, before deposits of dedicated revenues in the Generations Fund. This deficit is comparable to that of other provinces.

Chart information reflects data available as at March 6, 2026.

❑ Multi-year financial framework

Revenue amounts to \$166.5 billion in 2026-2027, with growth of 3.7%. Growth will increase to 3.8% in 2027-2028.

— Over the period covered by the financial framework, that is, until 2030-2031, annual revenue growth will average 3.2%.

In 2026-2027, growth in portfolio expenditures will be 1.6%,² compared to 4.5% in 2025-2026.

Total expenditure, including debt service, stands at \$170.8 billion in 2026-2027, with growth of 1.5%. Growth will be 2.6% in 2027-2028.

— From 2026-2027 to 2030-2031, annual growth in total expenditure will average 2.0%.

² Excluding 2025-2026 expenditures not recurring in 2026-2027, including advance payments for public transit infrastructure projects, the growth in portfolio expenditures stands at 3.3% in 2026-2027 instead of 1.6%.

TABLE F.1

Multi-year financial framework
 (millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	AAGR ⁽¹⁾
Revenue							
Personal income tax	49 003	50 800	52 687	54 667	56 629	58 734	
Contributions for health services	9 175	9 412	9 749	10 198	10 498	10 826	
Corporate taxes	14 102	14 527	15 296	15 358	15 968	17 037	
School property tax	1 255	1 311	1 435	1 579	1 720	1 853	
Consumption taxes	29 364	30 008	30 975	31 784	32 523	33 294	
Duties, permits and royalties	6 311	6 542	6 939	7 204	7 537	7 792	
Miscellaneous revenue	15 395	15 908	16 285	16 819	17 471	18 042	
Government enterprises	5 347	5 853	6 442	6 984	7 096	7 254	
Own-source revenue	129 952	134 361	139 808	144 593	149 442	154 832	
<i>% change⁽²⁾</i>	3.5	3.4	4.1	3.4	3.4	3.6	3.6
Federal transfers	30 577	32 131	32 948	33 022	32 337	33 325	
<i>% change</i>	0.3	5.1	2.5	0.2	-2.1	3.1	1.7
Total revenue	160 529	166 492	172 756	177 615	181 779	188 157	
<i>% change</i>	2.8	3.7	3.8	2.8	2.3	3.5	3.2
Expenditure							
Portfolio expenditures	-158 029	-160 489	-164 279	-165 909	-167 887	-173 218	
<i>% change⁽³⁾</i>	4.5	1.6	2.4	1.0	1.2	3.2	1.9
Debt service	-10 155	-10 268	-10 931	-11 340	-11 612	-12 271	
<i>% change</i>	1.9	1.1	6.5	3.7	2.4	5.7	3.9
Total expenditure	-168 184	-170 757	-175 210	-177 249	-179 499	-185 489	
<i>% change</i>	4.3	1.5	2.6	1.2	1.3	3.3	2.0
Contingency reserve	—	-2 000	-1 500	-1 500	-1 500	-1 500	
ACCOUNTING SURPLUS (DEFICIT)⁽⁴⁾							
	-7 655	-6 265	-3 954	-1 134	780	1 168	
<i>% of GDP</i>	1.2	0.9	0.6	0.2	0.1	0.2	

Note: Totals may not add due to rounding.

(1) Average annual growth rate, corresponding to the geometric mean over five years, from 2026-2027 to 2030-2031.

(2) In 2027-2028, the growth in own-source revenue is primarily due to the 3.4% change in nominal GDP in 2027, the increase in Hydro-Québec's results, and the effect of harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.

(3) Excluding 2025-2026 expenditures not recurring in 2026-2027, including advance payments for public transit infrastructure projects, the growth in portfolio expenditures stands at 3.3% in 2026-2027 instead of 1.6%.

(4) The accounting surplus (deficit) refers to the operating surplus (deficit) as presented in the public accounts.

Budgetary balance within the meaning of the *Balanced Budget Act*

Maintaining a balanced budget and reducing the debt burden

The *Balanced Budget Act*, which obliges the government to balance the budget, establishes a more demanding definition of the budgetary balance than those that apply to other provinces or are prescribed by accounting standards for determining a government's surplus (deficit).

Indeed, the budgetary balance within the meaning of the Act excludes certain revenue considered in the accounting surplus (deficit) as it is invested in the Generations Fund to repay the debt. This revenue is earmarked in the *Act to reduce the debt and establish the Generations Fund*.

This legislative framework is designed to ensure the long-term sustainability of public finances.

Budgetary balance within the meaning of the Act

The budgetary balance according to the Act shows deficits of \$9.9 billion in 2025-2026, or 1.5% of GDP, and \$8.6 billion in 2026-2027, or 1.3% of GDP. As of 2027-2028, deficits will gradually decline, with balance being achieved in 2029-2030.

A balanced budget will be maintained thereafter.

Returning to a balanced budget

Budget 2026-2027 forecasts a reduction in the gaps to be bridged of \$250 million per year in 2027-2028 and 2028-2029, \$500 million in 2029-2030 and \$750 million in 2030-2031. These remain projected at \$750 million in 2027-2028, \$2.3 billion in 2028-2029, \$2 billion in 2029-2030 and \$1.8 billion in 2030-2031. Once the uncertainty mainly related to CUSMA negotiations dissipates, the economic situation should recover and allow for the gaps to be bridged.

In accordance with the *Balanced Budget Act*, balance, after deposits of dedicated revenues in the Generations Fund, will be achieved by 2029-2030 at the latest.

Budgetary balance within the meaning of the *Balanced Budget Act*

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
ACCOUNTING SURPLUS (DEFICIT)⁽¹⁾	-7 655	-6 265	-3 954	-1 134	780	1 168
% of GDP	1.2	0.9	0.6	0.2	0.1	0.2
Gap to be bridged	—	—	750	2 250	2 000	1 750
Deposits of dedicated revenues in the Generations Fund	-2 289	-2 347	-2 491	-2 616	-2 780	-2 918
BUDGETARY BALANCE WITHIN THE MEANING OF THE <i>BALANCED BUDGET ACT</i>	-9 944	-8 612	-5 695	-1 500	—	—
% of GDP	1.5	1.3	0.8	0.2	0.0	0.0

Note: Totals may not add due to rounding.

(1) Accounting surplus (deficit) refers to the surplus (deficit) from operations as presented in the public accounts.

1. QUÉBEC'S BUDGETARY SITUATION

In 2026-2027, revenue stands at \$166.5 billion, while portfolio expenditures, being expenditures tied to the delivery of public services, stand at \$160.5 billion.

— Debt service amounts to \$10.3 billion.

In addition, the financial framework includes a contingency reserve of \$2.0 billion to cover unforeseen expenditures or mitigate the effects of more moderate-than-expected economic growth. This reserve is at a comparable level to that forecast in 2025-2026.

— After taking into account the contingency reserve, the accounting balance shows a deficit of \$6.3 billion, or 0.9% of GDP.

— After deposits of dedicated revenues in the Generations Fund, the budgetary balance shows a deficit of \$8.6 billion, or 1.3% of GDP.

TABLE F.2

Québec's budget – March 2026

(millions of dollars, unless otherwise indicated)

	2026-2027
Revenue	
Own-source revenue	134 361
% change	3.4
Federal transfers	32 131
% change	5.1
Total revenue	166 492
% change	3.7
Expenditure	
Portfolio expenditures	-160 489
% change	1.6
Debt service	-10 268
% change	1.1
Total expenditure	-170 757
% change	1.5
Contingency reserve	-2 000
ACCOUNTING SURPLUS (DEFICIT) – MARCH 2026	-6 265
% of GDP	0.9
Deposits of dedicated revenues in the Generations Fund	-2 347
BUDGETARY BALANCE⁽¹⁾	-8 612
% of GDP	1.3

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

1.1 Recent developments in the budgetary situation

This section presents the recent developments in Québec's budgetary situation as well as the main adjustments to the forecasts from 2025-2026 to 2027-2028.

□ Main adjustments from 2025-2026 to 2027-2028

Since Budget 2025-2026, the economic and budgetary situation has led to favourable adjustments of \$1.9 billion in 2025-2026, \$3.2 billion in 2026-2027 and \$3.0 billion in 2027-2028.

For this period, the government is implementing new initiatives totalling \$102 million in 2025-2026, \$2.4 billion in 2026-2027 and \$2.8 billion in 2027-2028 to accelerate Québec's economic transition, support the government's main missions, support Quebecers and communities with targeted action, and maintain public infrastructure.

— These significant investments in portfolios provide the basic funding needed to meet the growing needs of the population, improve the accessibility and quality of services offered to citizens, ensure the continuation of essential programs, and thus support the sustainability of public services.

TABLE F.3

Adjustments to the financial framework since March 2025

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028
ACCOUNTING SURPLUS (DEFICIT) – MARCH 2025	-11 430	-7 126	-4 173
<i>% of GDP</i>	<i>1.8</i>	<i>1.1</i>	<i>0.6</i>
ECONOMIC AND BUDGETARY SITUATION			
Own-source revenue excluding revenue from government enterprises			
– Tax revenue ⁽¹⁾	3 990	3 382	2 944
– Other revenue	187	-430	-360
Subtotal	4 177	2 952	2 584
Revenue from government enterprises ⁽²⁾	79	-1 189	-680
Federal transfers	-33	-231	-123
Subtotal – Revenue	4 223	1 532	1 781
Portfolio expenditures ⁽³⁾	-1 861	1 546	573
Debt service	-485	134	625
Subtotal – Expenditure	-2 346	1 680	1 198
TOTAL ADJUSTMENTS TO THE ECONOMIC AND BUDGETARY SITUATION	1 877	3 212	2 979
NOVEMBER 2025 INITIATIVES⁽⁴⁾	-65	-218	-195
MARCH 2026 INITIATIVES			
Accelerating Québec's economic transformation	—	-480	-507
Supporting the government's main missions	—	-910	-928
Supporting Quebecers and communities with targeted action	-37	-742	-1 130
Subtotal	-37	-2 133	-2 565
TOTAL INITIATIVES	-102	-2 351	-2 760
Contingency reserve	2 000	—	—
ACCOUNTING SURPLUS (DEFICIT) – MARCH 2026	-7 655	-6 265	-3 954
<i>% of GDP</i>	<i>1.2</i>	<i>0.9</i>	<i>0.6</i>

Note: Totals may not add due to rounding.

- (1) The adjustment of tax revenue in 2025-2026 is due to the recurrence of higher-than-expected results observed at the end of 2024-2025 and in 2025-2026, tied to the upward adjustment to nominal GDP growth of 0.6 percentage points in 2024 and 1.1 percentage points in 2025. In 2026-2027 and 2027-2028, the lower adjustments of tax revenue result from the downward adjustment to growth in exports (-1.3 percentage points in 2026) and household consumption excluding food expenditures and shelter (-0.5 percentage points in 2026), as well as the effect in 2027-2028 of the cancellation of the increase in the capital gains inclusion rate.
- (2) The negative adjustments in 2026-2027 and 2027-2028 are mainly due to the decline in Hydro-Québec's results, largely resulting from low runoff.
- (3) An explanation of adjustments to portfolio expenditures is provided on page F.13.
- (4) The financial impact of the November 2025 initiatives excludes the amounts provided in the financial framework for the indexation of the tax system, as well as the reductions in the contribution rates and premium rates for the Québec Pension Plan and Québec Parental Insurance Plan, respectively, which are entirely funded by each of the plans.

■ Adjustments related to the economic and budgetary situation

Changes in the economic and budgetary situation since Budget 2025-2026 result in positive adjustments of \$1.9 billion in 2025-2026, \$3.2 billion in 2026-2027 and \$3.0 billion in 2027-2028. These adjustments are primarily attributable to:

- an increase in own-source revenue, excluding revenue from government enterprises, of \$4.2 billion in 2025-2026, \$3.0 billion in 2026-2027 and \$2.6 billion in 2027-2028. These adjustments reflect:
 - a \$4.0-billion increase in tax revenue in 2025-2026, due to the recurrence of higher-than-expected results observed at the end of 2024-2025 and in 2025-2026, tied to the upward adjustment to nominal GDP growth by 0.6 percentage points in 2024 and 1.1 percentage points in 2025. In 2026-2027 and 2027-2028, adjustments of \$3.4 billion and \$2.9 billion in tax revenue are expected due to the downward adjustment to growth in exports (-1.3 percentage points in 2026) and household consumption excluding food expenditures and shelter (-0.5 percentage points in 2026), as well as the effect in 2027-2028 of the cancellation of the increase in the capital gains inclusion rate,³
 - a favourable adjustment of other revenue of \$187 million in 2025-2026, due, in particular, to higher-than-expected investment income of the Generations Fund and revenue from natural resources, partially offset by a decline in revenue from the carbon market. In 2026-2027 and 2027-2028, the downward adjustments of \$430 million and \$360 million are attributable to, among other things, a decline in revenue from the carbon market;
- an increase in revenue from government enterprises of \$79 million in 2025-2026, due in particular to increased revenue from Investissement Québec, and downward adjustments of \$1.2 billion in 2026-2027 and \$680 million in 2027-2028, mainly due to the decline in Hydro-Québec's results because of the low runoff;
- a downward adjustment of federal transfers of \$33 million in 2025-2026, \$231 million in 2026-2027 and \$123 million in 2027-2028 due, in particular, to a reduction in Québec's demographic weight reported in Statistics Canada's data published in September 2025;⁴

³ The Québec government harmonized its tax system with the changes made by the federal government in its 2025 budget and cancelled the increase in the capital gains inclusion rate that had been announced in 2024.

⁴ The update of population data has an impact on the main federal transfers to the provinces (equalization, Canada Health Transfer [CHT] and Canada Social Transfer [CST]) as they are calculated on a per capita basis.

- an increase in portfolio expenditures of \$1.9 billion in 2025-2026, and decreases of \$1.5 billion in 2026-2027 and \$573 million in 2027-2028;
 - For 2025-2026, the adjustment is primarily due to an increase in expenditures of \$500 million, including \$250 million in the Santé et Services sociaux portfolio and \$250 million related to the reinvestment in education announced in summer 2025, and to advance payments of \$1.7 billion for public transit infrastructure projects, mitigated by a decrease in expenditures under the 2030 Plan for a Green Economy as a result of the decline in anticipated revenue from the carbon market.
 - In 2026-2027 and 2027-2028, the adjustments are mainly attributable to the decrease in expenditures related to the 2030 Plan for a Green Economy as a result of the adjustments to anticipated revenue from the carbon market, reductions in expenditures resulting from advance payments in 2025-2026 for public transit infrastructure projects, and the change in the pace of realization of federally funded local infrastructure projects.
- an upward adjustment of \$485 million in debt service in 2025-2026, which is primarily due to higher-than-anticipated long-term interest rates worldwide. Subsequently, a downward adjustment of \$134 million in 2026-2027 and \$625 million in 2027-2028 is expected due to lower deficits in 2024-2025 and 2026-2027, as well as the better performance of the Retirement Plans Sinking Fund in 2025-2026.

■ Budget 2026-2027 initiatives

In this budget, the government is planning initiatives of \$2.1 billion in 2026-2027, namely:

- \$480 million to accelerate Québec's economic transformation;
- \$910 million to support the government's main missions;
- \$742 million to support Quebecers and communities with targeted action.

Budget 2026-2027 initiatives

The initiatives in Budget 2026-2027 total \$9.6 billion over six years, as follows:

- \$1.7 billion to accelerate Québec's economic transformation;
- \$4.3 billion to support the government's main missions;
- \$3.6 billion to support Quebecers and communities with targeted action.

Financial impact of the initiatives of Budget 2026-2027

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Initiatives							
Accelerating Québec's economic transformation ⁽¹⁾	—	-480	-507	-361	-205	-150	-1 704
Supporting the government's main missions ⁽²⁾	—	-910	-928	-851	-795	-791	-4 275
Supporting Quebecers and communities with targeted action ⁽³⁾	-37	-742	-1 130	-724	-504	-479	-3 615
TOTAL	-37	-2 133	-2 565	-1 936	-1 503	-1 420	-9 594

Note: Totals may not add due to rounding.

(1) For more details, see Section B, "Accelerating Québec's Economic Transformation."

(2) For more details, see Section C, "Supporting the Government's Main Missions."

(3) For more details, see Section D, "Supporting Quebecers and Communities with Targeted Action."

Recap of the November 2025 initiatives

In the *Update on Québec's Economic and Financial Situation – Fall 2025*, the government announced investments totalling \$483 million in 2025-2026, \$2.0 billion in 2026-2027 and \$2.0 billion in 2027-2028.

These investments have made it possible to introduce initiatives for:

- returning money to Quebecers;
- increasing Québec's economic resilience.

Financial impact of the November 2025 initiatives

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	Total
Returning money to Quebecers	-333	-1 347	-1 379	-1 396	-1 420	-5 875
Increasing Québec's economic resilience	-151	-631	-632	-519	-537	-2 470
Subtotal – Initiatives	-483	-1 979	-2 011	-1 915	-1 957	-8 345
Planned funding ⁽¹⁾	418	1 761	1 816	1 855	1 897	7 747
TOTAL	-65	-218	-195	-60	-60	-598

Note: Totals may not add due to rounding.

(1) The amounts for indexing the tax system are already included in the financial framework. Reductions in the contribution rates and premium rates for the Québec Pension Plan and Québec Parental Insurance Plan, respectively, are entirely funded by each plan. Of the financial impact, \$31.3 million in 2025-2026, \$126.3 million in 2026-2027 and \$97.1 million in 2027-2028 will be financed by the available funds from an increase in the share of public transit funding from the Electrification and Climate Change Fund. \$30.0 million will be drawn from the Electrification and Climate Change Fund from 2025-2026 to 2027-2028.

■ Maintaining the contingency reserve

As in 2024-2025, the \$2.0-billion contingency reserve that was provided in Budget 2025-2026 is not used.

For subsequent years, it is maintained at \$2.0 billion in 2026-2027 and \$1.5 billion per year thereafter.

- The reserve, which totals \$8.0 billion over five years, could, in particular, be used to cover unforeseen expenditures or mitigate the effects of more moderate-than-expected economic growth.

■ Gap to be bridged

The more favourable-than-expected budget forecasts make it possible to reduce the gap to be bridged on a recurring basis over the period covered by the financial framework. The gap is reduced by \$250 million in 2027-2028 and 2028-2029, then by \$500 million in 2029-2030 and \$750 million in 2030-2031.

The financial framework still forecasts a gap to be bridged of \$750 million in 2027-2028, \$2.3 billion in 2028-2029, \$2.0 billion in 2029-2030 and \$1.8 billion in 2030-2031.

— However, these amounts are lower than the deposits of dedicated revenues in the Generations Fund expected for those years.

As a result, in accordance with the *Balanced Budget Act*, a balanced budget, after deposits of dedicated revenues in the Generations Fund, will be achieved by 2029-2030 at the latest.

Once the uncertainty mainly related to CUSMA negotiations dissipates, the economic situation should recover and allow for the gaps to be bridged.

Adjustments since the fall 2025 update

Since the publication of the *Update on Québec's Economic and Financial Situation – Fall 2025*, the adjustments to the financial framework are due, in particular, to:

- an increase in revenue, mainly due to a favourable change in tax revenue;
- an increase in expenditure in 2025-2026 followed by a decrease in 2026-2027, mainly due to advance payments for public transit infrastructure projects in 2025-2026;
- the cost of the March 2026 initiatives;
- the non-utilization of the contingency reserve in 2025-2026.

Adjustments to the financial framework since the fall 2025 update

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028
ACCOUNTING SURPLUS (DEFICIT) – NOVEMBER 2025	-9 898	-7 149	-4 185
% of GDP	1.5	1.1	0.6
ECONOMIC AND BUDGETARY SITUATION			
Own-source revenue excluding revenue from government enterprises			
– Tax revenue ⁽¹⁾	2 351	2 524	2 615
– Other revenue	155	-103	-58
Subtotal	2 506	2 421	2 557
Revenue from government enterprises	-95	-536	-830
Federal transfers	-617	54	860
Subtotal – Revenue	1 794	1 939	2 587
Portfolio expenditures	-1 557	1 062	-141
Debt service	43	15	350
Subtotal – Expenditure	-1 514	1 077	209
TOTAL ADJUSTMENTS TO THE ECONOMIC AND BUDGETARY SITUATION	280	3 017	2 796
MARCH 2026 INITIATIVES			
Accelerating Québec's economic transformation	—	-480	-507
Supporting the government's main missions	—	-910	-928
Supporting Quebecers and communities with targeted action	-37	-742	-1 130
TOTAL INITIATIVES	-37	-2 133	-2 565
Contingency reserve	2 000	—	—
ACCOUNTING SURPLUS (DEFICIT) – MARCH 2026	-7 655	-6 265	-3 954
% of GDP	1.2	0.9	0.6

Note: Totals may not add due to rounding.

(1) The adjustment of tax revenue since the fall 2025 update are due to the upward adjustment to nominal GDP growth (+0.5 percentage points in 2025 and +0.4 percentage points in 2026) and the increase in capital gains realized by individuals and corporations thanks to the strong performance of financial markets in 2025.

Adjustments to budgetary balances within the meaning of the *Balanced Budget Act*

Under the *Balanced Budget Act*, the budgetary balance corresponds to the accounting surplus or deficit presented in the public accounts (surplus or deficit from operations) reduced by the amount of revenues dedicated to the Generations Fund and adjusted to take into account certain accounting changes, if applicable.

Budget 2026-2027 reports an improvement in the accounting deficit of \$3.8 billion in 2025-2026, \$861 million in 2026-2027 and \$219 million in 2027-2028.

Added to these adjustments are deposits of dedicated revenues in the Generations Fund, which are up by \$112 million in 2025-2026, due to the increase in investment income. For 2026-2027 and 2027-2028, the dedicated revenues have been adjusted downward by \$55 million and \$31 million, respectively. In 2027-2028, there is also a \$250-million downward adjustment to the gap to be bridged.

Thus, the deficit within the meaning of the Act stands at \$9.9 billion in 2025-2026, \$8.6 billion in 2026-2027 and \$5.7 billion in 2027-2028.

Adjustments to budgetary balances within the meaning of the *Balanced Budget Act*

(millions of dollars)

	2025-2026	2026-2027	2027-2028
BUDGETARY BALANCE⁽¹⁾ – MARCH 2025	-13 607	-9 528	-5 695
Adjustments to the economic and budgetary situation	1 877	3 212	2 979
Fall 2025 update initiatives	-65	-218	-195
March 2026 initiatives	-37	-2 133	-2 565
Contingency reserve adjustment	2 000	—	—
Subtotal – Accounting surplus (deficit) adjustments	3 775	861	219
Decrease in the gap to be bridged	—	—	-250
Adjustments to deposits of dedicated revenues in the Generations Fund	-112	55	31
BUDGETARY BALANCE⁽¹⁾ – MARCH 2026	-9 944	-8 612	-5 695

Note: Totals may not add due to rounding.

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

1.2 Detailed adjustments in 2025-2026

In 2025-2026, the accounting deficit stands at \$7.7 billion. This represents an improvement of \$3.8 billion compared to the accounting deficit of \$11.4 billion forecast in March 2025, due, in particular, to:

- a \$4.1-billion increase in own-source revenue excluding revenue from government enterprises in 2025-2026, due to:
 - a positive adjustment of \$4.0 billion in tax revenue, owing to the recurrence of higher-than-expected results observed at the end of 2024-2025 and in 2025-2026, tied to the upward adjustment to nominal GDP growth of 0.6 percentage points in 2024 and 1.1 percentage points in 2025, and the increase in capital gains realized by individuals and corporations reflecting the strong performance of financial markets in 2025,
 - an adjustment of \$187 million to other revenue, due in particular to investment income of the Generations Fund and higher-than-expected revenue from natural resources, partially offset by a decline in revenue from the carbon market;
- a \$79-million increase in revenue from government enterprises, mainly attributable to an increase in the results of Investissement Québec;
- a \$1.9-billion increase in portfolio expenditures, including:
 - a \$1.9-billion adjustment stemming mainly from a \$500-million increase in expenditures, including \$250 million for the Santé et Services sociaux portfolio and \$250 million related to the reinvestment in education announced in summer 2025, and \$1.7 billion in advance payments for public transit infrastructure projects. This adjustment is mitigated by a decrease in expenditures under the 2030 Plan for a Green Economy, resulting from a decline in anticipated revenue from the carbon market,
 - initiatives related to the expenditures announced in the *Update on Québec's Economic and Financial Situation – Fall 2025* and Budget 2026-2027 totalling \$66 million;
- a \$485-million increase in debt service, primarily due to higher-than-anticipated long-term interest rates worldwide;
- the non-utilization of the \$2.0-billion contingency reserve projected in March 2025.

TABLE F.4

Adjustments to the 2025-2026 financial framework since March 2025
(millions of dollars)

	2025-2026				
	March 2025	Adjustments			March 2026
		Economic and budgetary situation	Initiatives and other adjustments	Total	
Own-source revenue					
Tax revenue	98 945	3 990	-36	3 954	102 899
Other revenue	21 519	187	—	187	21 706
Subtotal	120 464	4 177	-36	4 141	124 605
Revenue from government enterprises	5 268	79	—	79	5 347
Total own-source revenue	125 732	4 256	-36	4 220	129 952
Federal transfers	30 610	-33	—	-33	30 577
Revenue	156 342	4 223	-36	4 187	160 529
Portfolio expenditures	-156 102	-1 861	-66	-1 927	-158 029
Debt service	-9 670	-485	—	-485	-10 155
Expenditure	-165 772	-2 346	-66	-2 412	-168 184
Contingency reserve	-2 000	—	2 000	2 000	—
ACCOUNTING SURPLUS (DEFICIT)	-11 430	1 877	1 898	3 775	-7 655

Note: Totals may not add due to rounding.

❑ Own-source revenue excluding revenue from government enterprises

For 2025-2026, own-source revenue excluding revenue from government enterprises is adjusted upward by \$4.1 billion compared to Budget 2025-2026 forecasts and totals \$124.6 billion.

- Tax revenue is adjusted upward by \$4.0 billion, supported by higher-than-anticipated personal income tax, corporate tax and consumption tax revenues.
- Other revenue is adjusted upward by \$187 million.

TABLE F.5

Adjustments to own-source revenue excluding revenue from government enterprises (millions of dollars)

	2025-2026
OWN-SOURCE REVENUE⁽¹⁾ – MARCH 2025	120 464
Tax revenue	
Personal income tax	2 059
Contributions for health services	-67
Corporate taxes	1 611
School property tax	-91
Consumption taxes	442
Subtotal	3 954
Other revenue	
Duties, permits and royalties	91
Miscellaneous revenue	96
Subtotal	187
Total adjustments	4 141
OWN-SOURCE REVENUE⁽¹⁾ – MARCH 2026	124 605

(1) Own-source revenue excluding revenue from government enterprises.

■ Tax revenue

For 2025-2026, personal income tax revenue is adjusted upward by \$2.1 billion compared to the March 2025 forecast.

- This adjustment is due to the recurrence of higher-than-expected source deductions observed at the end of 2024-2025, the effect of which has continued since the beginning of fiscal year 2025-2026.
- It is also due to the 0.7-percentage-point upward adjustment to wage and salary growth in 2025, from 3.7% to 4.4%, as well as the impact the 2025 performance of financial markets had on capital gains realized by taxpayers.

Contributions for health services are adjusted downward by \$67 million in 2025-2026.

- This adjustment is due to the recurrence of weaker-than-expected results at the end of 2024-2025, while the growth in wages and salaries is adjusted upward by 0.7 percentage points in 2025, rising from 3.7% to 4.4%.
- It is also explained by the implementation of a temporary holiday from contributions to the Health Services Fund in 2026 and 2027 to support the agricultural, forestry and fishing sectors, which are essential to the vitality of the regions.

Corporate tax revenue is adjusted upward by \$1.6 billion in 2025-2026.

- This favourable adjustment is due to the recurrence of higher-than-expected results observed at the end of 2024-2025, the effect of which has continued since the beginning of fiscal year 2025-2026.
- It is also due to the net operating surplus of corporations, whose change was adjusted upward by 6.8 percentage points in 2025, from -1.1% to 5.7%.

Revenue from the school property tax is adjusted downward by \$91 million in 2025-2026.

- This adjustment is due, in particular, to the additional contribution from the Québec government to limit the average increase in school taxes to 3% for 2025-2026.

Consumption tax revenue, which is derived mainly from the Québec sales tax, is adjusted upward by \$442 million in 2025-2026.

- This upward adjustment is due to higher-than-expected cash inflow stemming from the Québec sales tax since the start of 2025-2026, while growth in household consumption⁵ was adjusted downward by 1.4 percentage points in 2025, from 4.0% to 2.6%.
- It is also due to the 6.2-percentage-point upward adjustment to growth in residential construction investment in 2025, from 8.0% to 14.2%.

■ Other revenue

In 2025-2026, revenue from duties, permits and royalties is adjusted upward by \$91 million compared to the March 2025 forecast.

- This favourable adjustment is due mainly to higher-than-expected revenue from natural resources, particularly mining revenue tied to the strong performance of gold mining corporations, supported by historically high prices.
- However, it is offset by lower-than-expected revenue from the carbon market.

Miscellaneous revenue is adjusted upward by \$96 million in 2025-2026, due, in particular, to investment income of the Generations Fund, which is higher than expected.

⁵ Household consumption excluding food expenditures and shelter.

TABLE F.6

Changes in the main tax bases

(percentage change and difference in percentage points)

	2024	2025	2026
Nominal GDP			
– March 2026	5.9	4.5	3.5
– March 2025	5.3	3.4	3.4
Difference	0.6	1.1	0.1
Wages and salaries			
– March 2026	6.0	4.4	3.0
– March 2025	5.6	3.7	3.0
Difference	0.4	0.7	—
Net operating surplus of corporations			
– March 2026	3.1	5.7	3.7
– March 2025	0.4	-1.1	3.4
Difference	2.7	6.8	0.3
Total exports			
– March 2026	3.3	0.7	2.2
– March 2025	4.1	2.7	3.5
Difference	-0.8	-2.0	-1.3
Household consumption excluding food expenditures and shelter			
– March 2026	4.1	2.6	2.7
– March 2025	3.7	4.0	3.2
Difference	0.4	-1.4	-0.5
Residential investment			
– March 2026	9.4	14.2	3.4
– March 2025	5.6	8.0	3.6
Difference	3.8	6.2	-0.2

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

Own-source revenue: favourable adjustment in Québec and certain Canadian provinces in 2025-2026

In Québec, own-source revenue¹ for 2025-2026 is adjusted upward by \$4.1 billion, or 3.4%, compared to the March 2025 budget. This adjustment is due to an increase in tax revenue, including personal income tax (+\$2.1 billion) and corporate taxes (+\$1.6 billion), supported by the upward adjustment of tax bases and the impact the strong 2025 performance of financial markets had on capital gains realized by individuals and corporations.

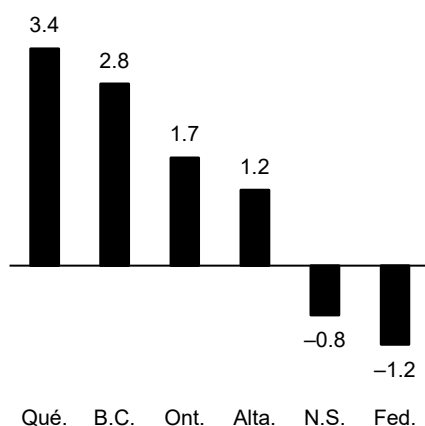
- Nominal GDP growth has been adjusted upward (+0.6 percentage points in 2024 and +1.1 percentage points in 2025), reflecting, in particular, the strong performance of wages and salaries (+0.4 percentage points in 2024 and +0.7 percentage points in 2025) and the net operating surplus of corporations (+2.7 percentage points in 2024 and +6.8 percentage points in 2025).

Like Québec, other provinces are also forecasting a favourable adjustment of their own-source revenue¹ in 2025-2026, namely:

- British Columbia (+\$1.8 billion or 2.8%), due in part to personal income tax (+\$1.4 billion) and corporate taxes (+\$1.7 billion);
- Ontario² (+\$3.0 billion or 1.7%), due in part to personal income tax (+\$1.5 billion) and corporate taxes (+\$1.0 billion);
- Alberta (+\$0.7 billion or 1.2%), due in part to corporate taxes (+\$0.7 billion).

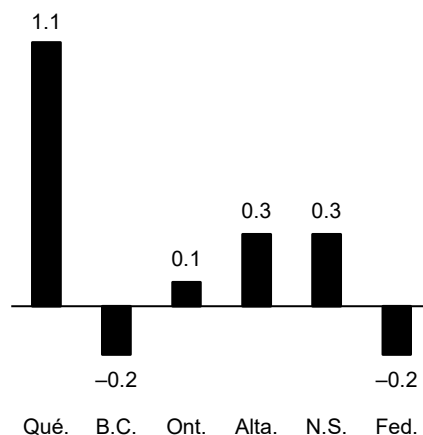
In addition, the federal government has adjusted its revenue downward³ by \$6.2 billion (–1.2%) in 2025-2026, due, in particular, to pollution pricing proceeds (–\$14.8 billion), partially offset by corporate taxes (+\$11.0 billion).

Own-source revenue – 2025-2026
(adjustment as a percentage of revenue)



Sources: 2026-2027 budgets for British Columbia, Nova Scotia, Alberta and Québec, financial report for the third quarter for Ontario, and the federal government's Budget 2025.

Nominal GDP – 2025
(adjustment in percentage points)



Sources: 2026-2027 budgets for British Columbia, Nova Scotia, Alberta and Québec, update for the second quarter for Ontario, and the federal government's Budget 2025.

¹ Own-source revenue excluding revenue from government enterprises.

² When it releases its 2026-2027 budget, expected on March 26, 2026, Ontario will once again adjust its own-source revenue.

³ Adjustments to the 2025 budget (released in fall 2025) since the *2024 Fall Economic Statement*.

☐ Revenue from government enterprises

For 2025-2026, revenue from government enterprises is adjusted upward by \$79 million, to \$5.3 billion.

This adjustment is primarily due to increased revenue from Investissement Québec's equity portfolio, as well as Hydro-Québec's higher revenues resulting from higher electricity sales due to cold temperatures in December 2025.

TABLE F.7

Adjustments to revenue from government enterprises (millions of dollars)

	2025-2026
REVENUE FROM GOVERNMENT ENTERPRISES – MARCH 2025	5 268
Hydro-Québec	50
Loto-Québec	—
Société des alcools du Québec	-30
Investissement Québec	65
Société québécoise du cannabis ⁽¹⁾	4
Other ⁽²⁾	-10
Total adjustments	79
REVENUE FROM GOVERNMENT ENTERPRISES – MARCH 2026	5 347

(1) Revenue is allocated to the Fund to Combat Addiction.

(2) The other government enterprises include the Société ferroviaire et portuaire de Pointe-Noire S.E.C., Capital Financière agricole inc., the Fonds d'investissement Eurêka S.E.C., the Fonds Impulsion S.E.C. and the Société du parc industriel et portuaire de Bécancour.

□ Federal transfers

In 2025-2026, revenue from federal transfers stands at \$30.6 billion, a downward adjustment of \$33 million compared to Budget 2025-2026.

This adjustment is due, in particular, to a decrease in health transfers, which is explained by a downward adjustment of Québec's demographic weight reported in Statistics Canada's data published last September.

It is largely offset by an extension of the federal enhancement of loans and bursaries for studies, as well as the pace of realization of federally funded infrastructure projects.⁶

TABLE F.8

Adjustments to revenue from federal transfers

(millions of dollars)

	2025-2026
FEDERAL TRANSFERS – MARCH 2025	30 610
Equalization	—
Health transfers	-257
Transfers for post-secondary education and other social programs	-15
Other programs	239
Total adjustments	-33
FEDERAL TRANSFERS – MARCH 2026	30 577

⁶ Adjustments to revenue from federal transfers stemming from the pace of realization of federally funded infrastructure projects have no impact on the budgetary balance, as an offsetting entry is recorded in expenditure.

□ Portfolio expenditures

For 2025-2026, portfolio expenditures amount to \$158.0 billion, which represents an upward adjustment of \$1.9 billion compared to the March 2025 forecasts.

The adjustment is due, in particular, to:

- the cost of new initiatives totalling \$66 million announced since Budget 2025-2026, primarily to ensure the well-being of more vulnerable individuals;
- the increase in expenditures related to the economic and budgetary situation totalling \$1.9 billion, which is due, in particular, to an increase in expenditures of \$500 million, or \$250 million in the Santé et Services sociaux portfolio and \$250 million related to the reinvestment in education announced in summer 2025, and \$1.7 billion in advance payments for public transit infrastructure projects, mitigated by a decrease in expenditures of the 2030 Plan for a Green Economy as a result of the decline in anticipated revenue from the carbon market.

TABLE F.9

Adjustments to portfolio expenditures (millions of dollars)

	2025-2026
PORTFOLIO EXPENDITURES – MARCH 2025	156 102
New initiatives since March 2025	
November 2025	29
March 2026	37
Subtotal – New initiatives since March 2025	66
Adjustments to the economic and budgetary situation	
One-time increase in the Éducation portfolio	250
One-time increase in the Santé et Services sociaux portfolio	250
Advance payments for public transit infrastructure projects	1 730
Decrease in expenditures for the 2030 Plan for a Green Economy as a result of the decline in anticipated revenue from the carbon market	-364
Other items	-6
Subtotal – Adjustments to the economic and budgetary situation	1 861
Total adjustments	1 927
PORTFOLIO EXPENDITURES – MARCH 2026	158 029

Note: Totals may not add due to rounding.

□ Debt service

For 2025-2026, debt service is adjusted upward by \$485 million to \$10.2 billion, primarily due to higher-than-expected long-term interest rates worldwide.

TABLE F.10

Adjustments to debt service

(millions of dollars)

	2025-2026
DEBT SERVICE – MARCH 2025	9 670
Interest on direct debt ⁽¹⁾	408
Interest on the liability for retirement plans and other employee future benefits ⁽²⁾	77
Total adjustments	485
DEBT SERVICE – MARCH 2026	10 155

(1) Interest on direct debt includes the revenue of the Sinking Fund for Government Borrowing. This revenue, which is deducted from debt service, consists of interest generated on investments as well as gains and losses on disposal. The forecast for this revenue may be adjusted upward or downward since it is closely tied to changes in interest rates and market behaviour.

(2) This corresponds to the interest on obligations relating to the retirement plans and other future benefits of public and parapublic sector employees, minus mainly the investment income of the Retirement Plans Sinking Fund.

2. RETURNING TO A BALANCED BUDGET

The government remains committed to consolidating public finances. Returning to a balanced budget contributes to the preservation of intergenerational equity and to the government's long-term ability to ensure the delivery of public services.

— This process is subject to the *Balanced Budget Act* and the *Act to reduce the debt and establish the Generations Fund*.

This return to a balanced budget must, however, be achieved at a pace compatible with the tense economic situation that is fraught with uncertainty stemming from the trade dispute started by the United States.

In Budget 2025-2026, the government presented a plan to gradually eliminate, by 2029-2030, the deficit of \$13.6 billion projected for 2025-2026, after deposits of dedicated revenues in the Generations Fund.

Budget 2026-2027 marks the second year of implementation of this five-year plan and shows better-than-expected results. This situation:

- demonstrates the government's commitment to consolidating public finances through a gradual, measured reduction in the share of expenditure in the economy, while maintaining increased funding for public infrastructure and the government's main missions;
- confirms that the path for restoring fiscal balance, as mapped out in the plan, is in line with budgetary reality and will enable the deficits to be eliminated by 2029-2030.

Compared to Budget 2025-2026, the budgetary deficit within the meaning of the *Balanced Budget Act*, namely after deposits of dedicated revenues in the Generations Fund, is adjusted downward by \$3.7 billion in 2025-2026 and \$916 million in 2026-2027. The government is thus taking another step toward achieving a balanced budget in 2029-2030.

□ A gradual, measured reduction in the share of expenditure

In 2020-2021, during the COVID-19 pandemic, government expenditure as a proportion of GDP peaked at 28.2%. To return to a balanced budget, the government has committed to reducing the share of expenditure in the economy to 24.4%, which is the pre-pandemic level of 2018-2019.

— This reduction corresponds to a decrease of 3.8 percentage points in the share of expenditure.

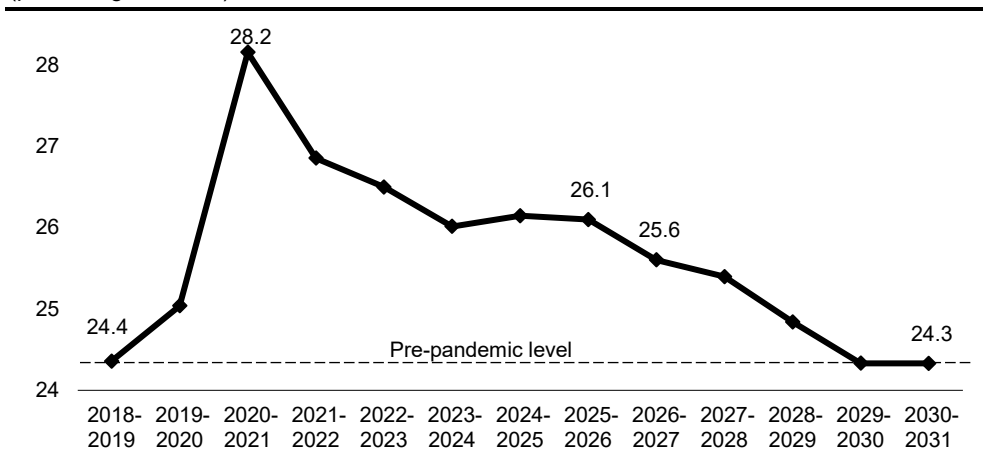
Through a strong post-pandemic economic recovery and responsible management of public finances, the share of expenditure has gradually decreased. Budget 2026-2027 continues along this path by limiting the growth in portfolio expenditures projected for 2026-2027 to 1.6%, while ensuring the funding of the government's main missions.

By 2026-2027, the government will have achieved more than two thirds of its target by reducing the share of expenditure in the economy by 2.6 percentage points compared to its peak in 2020-2021.

In accordance with the restoration plan, the government will continue its efforts to stimulate economic growth and moderate growth in expenditure in order to reduce the share of expenditure by 1.2 percentage points and thus achieve a balanced budget.

CHART F.2

Change in the share of total expenditure in the economy (percentage of GDP)



Policy directions governing the plan to restore fiscal balance

The purpose of the *Balanced Budget Act* is to balance the government's budget. In particular, the Act provides for the presentation of a plan to restore fiscal balance when the budgetary deficit reported for a given fiscal year exceeds the dedicated revenues in the Generations Fund for that year.

Since the budgetary deficit recorded in the *Public Accounts 2022-2023*, tabled on December 11, 2023, was \$6.1 billion within the meaning of the Act and exceeded the dedicated revenues in the Generations Fund, which amounted to \$3.1 billion, the government tabled, in Budget 2025-2026, a plan to restore fiscal balance that meets the following objectives:

- a return to a balanced budget over a maximum period of five years, namely by 2029-2030;
- shrinking deficits over the period covered by the financial framework;
- a maximum deficit of \$1.5 billion in 2028-2029, corresponding to 25% of the \$6.1-billion budgetary deficit recorded in the *Public Accounts 2022-2023*.

The *Balanced Budget Act* requires a return to a balanced budget by 2029-2030. When large deficits are not eliminated, they limit the government's long-term ability to deliver public services, ensure intergenerational equity and respond to unforeseen economic shocks.

- This return to a balanced budget must, however, be achieved at a pace compatible with the current economic situation.

The restoration plan tabled in Budget 2025-2026 is thus in line with the following key policy directions:

- achieving and then maintaining a balanced budget;
- reducing the share of expenditure in the economy to a level similar to the pre-pandemic level;
- maintaining deposits of dedicated revenues in the Generations Fund and a long-term debt reduction objective;
- stimulating economic growth and narrowing the wealth gap with Ontario;
- adequately funding the government's missions;
- continuing to make infrastructure investments.

2.1 The path for returning to a balanced budget

In Budget 2026-2027, the government demonstrates its ability to ensure sound management of public finances and shows an improvement in the deficit expected in 2025-2026, together with a reduction in its projected deficits as of 2026-2027.

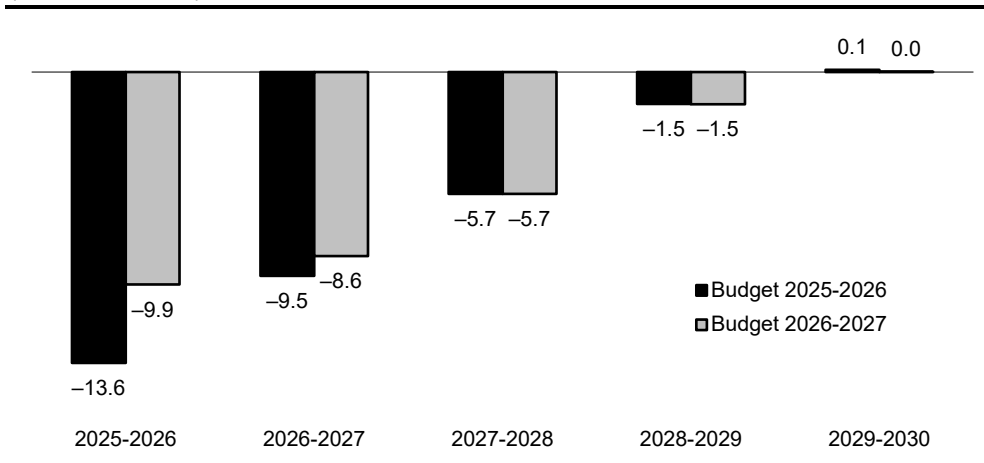
— Compared to Budget 2025-2026, the budgetary deficit within the meaning of the *Balanced Budget Act*, after deposits of dedicated revenues in the Generations Fund, is adjusted downward by \$3.7 billion in 2025-2026 and \$916 million in 2026-2027.

The government is on the right track and is maintaining its path for returning to a balanced budget by 2029-2030.

CHART F.3

Path for returning to a balanced budget

(billions of dollars)



❑ Bridging a gap over time

The resilience of the economy and its favourable outlook reflected in Budget 2026-2027 facilitate an initial reduction in the projected gap to be bridged in the financial framework as of 2027-2028.

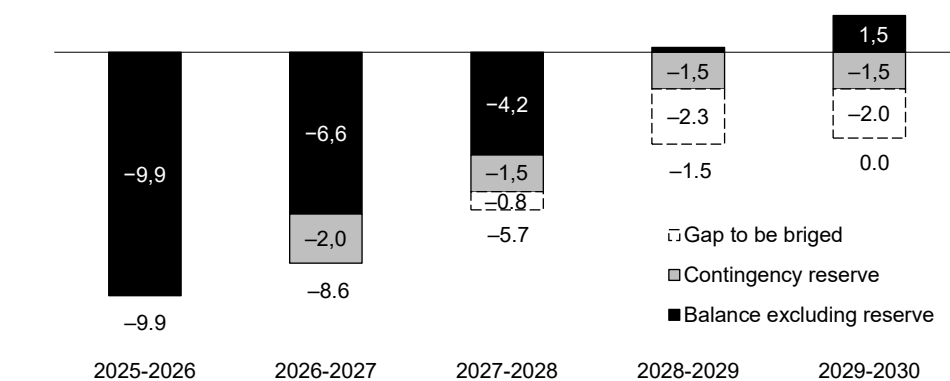
A gap to be bridged of \$750 million in 2027-2028, \$2.3 billion in 2028-2029 and \$2.0 billion in 2029-2030 remains projected in the financial framework and will need to be bridged to achieve balance after deposits of dedicated revenues in the Generations Fund.

Once the uncertainty mainly related to CUSMA negotiations dissipates, the economic situation should recover and allow for the gaps to be bridged.

CHART F.4

Path for returning to a balanced budget

(billions of dollars)



Note: Budgetary balance within the meaning of the *Balanced Budget Act*.

2.2 The continuity of services and the sustainability of public finances

Achieving a balanced budget is an essential condition for the long-term sustainability of public finances and for controlling the change in the debt burden.

□ The benefits of sound management of public finances

The sound management of public finances fosters a climate of confidence conducive to private investment, economic growth and higher productivity. Achieving a balanced budget is essential to the government's debt burden reduction strategy and to public and investor confidence. It sends a message to individuals and businesses that the tax burden, which has been reduced since 2018, will remain stable over time.

By ensuring greater intergenerational equity, reducing the debt burden also guarantees sustainable funding for essential government missions, such as health and social services and education, while meeting the challenges of an aging population and climate change.

Moreover, it paves the way for crucial investments in public infrastructure and strengthens Québec's ability to cope with future economic crises. The sound management of public finances thus provides a solid foundation for collective wealth and sustainable prosperity.

□ Impact of the plan to restore fiscal balance on the sustainability of public finances

Trends in the various indicators of public finance sustainability show that the plan to restore fiscal balance will have a favourable impact on Québec's public finances, allowing for a favourable comparison of the future situation with that of 2018-2019, that is, before the start of the pandemic.

In Budget 2026-2027, the government is maintaining its path for restoring balance and it is on track to improve many sustainability indicators, as projected during the development of the plan to restore fiscal balance.

- The share of revenue as a proportion of GDP will be lower in 2029-2030 (24.6%) than it was in 2018-2019 (26.1%).
- The plan to restore fiscal balance will also make it possible to reduce the share of expenditure as a proportion of GDP, and to return to a level similar to that before the pandemic.
- The initiatives taken as part of the plan to restore fiscal balance will make it possible to reduce the debt burden as a proportion of GDP and to ensure that debt-servicing costs as a proportion of revenue remain at historically low levels.
 - A low debt-servicing cost as a proportion of revenue provides leeway to better fund public services. Through these initiatives, the proportion of revenue devoted to debt service will remain at historically low levels (6.4% in 2029-2030), thus preserving the government's budgetary flexibility.

TABLE F.11

Impact of the plan to restore fiscal balance on indicators of public finance sustainability, viability and budgetary flexibility (per cent, gap and change in percentage points)

	2018-2019	2029-2030			Change compared to 2018-2019
		Without restoration plan	With restoration plan ⁽¹⁾	Gap	
Revenue as a proportion of GDP	26.1	24.4	24.6	0.2	-1.5
Expenditure as a proportion of GDP	24.4	24.8	24.3	-0.5	-0.0
Debt-servicing costs as a proportion of revenue	7.7	6.8	6.4	-0.4	-1.3
Net debt as a proportion of GDP	42.9	40.5	37.9	-2.6	-5.0

Notes: Differences may not add due to rounding.

The grey boxes are those showing a favourable impact on sustainability indicators.

(1) The gap to be bridged and the contingency reserve are not included in the calculation of ratios of revenue and expenditure as a proportion of GDP.

Follow-up on the plan to restore fiscal balance

In accordance with the *Balanced Budget Act*, in Budget 2025-2026, the government tabled its plan to restore fiscal balance, according to which balance will be achieved by 2029-2030 at the latest, after deposits of dedicated revenues in the Generations Fund.

This budget marks the second year of implementation of this plan and demonstrates the positive progress in several budget indicators.

Follow-up on key indicators for implementing the plan to restore fiscal balance

Indicator	Indicator status
Sustainability	
Deficit as a proportion of GDP	<p>In 2025-2026, the federal government and all Canadian provinces showed a deficit. Québec's deficit as a percentage of GDP, at 1.2%, was among the lowest. Only Saskatchewan, Alberta and Ontario had lower deficits as a proportion of GDP.</p> <p>In 2026-2027, Québec's deficit ratio is further reduced to 0.9%.</p>
Debt as a proportion of GDP	<p>The government aims to reduce its net debt burden to 35.5% of GDP by 2032-2033 and to 32.5% of GDP by 2037-2038.</p> <p>As at March 31, 2026, Québec's net debt will represent 38.8% of GDP, a decrease of 4.1 percentage points from the level of 42.9% as at March 31, 2019, making Québec one of the only provinces, along with Ontario and New Brunswick, to have reduced its indebtedness during this period.</p>
Expenditure as a proportion of GDP ⁽¹⁾	<p>The government aims to reduce the share of expenditure to a ratio of 24.4% in 2029-2030 in order to return to a pre-pandemic level compatible with a balanced budget.</p> <p>With growth in portfolio expenditures limited to 1.6% for 2026-2027, the expenditure-to-GDP ratio is at 25.6%, a decrease of 2.6 percentage points from the peak reached in 2020-2021 during the COVID-19 pandemic.</p>
Budget management levers	
Generations Fund	<p>Unique to Québec, the Generations Fund is a fiscal policy instrument that imposes a stricter definition of budgetary balance compared to other provinces.</p> <p>Deposits of dedicated revenues in the Generations Fund help reduce debt and, despite the deficit, Québec is maintaining its deposits. These amount to \$2.3 billion in 2026-2027. Over the five years of the return to a balanced budget, these deposits total \$12.5 billion.</p>
Gap to be bridged	<p>To achieve a balanced budget, after deposits of dedicated revenues in the Generations Fund, the government provides for a gap to be bridged. In Budget 2026-2027, this gap was reduced by \$250 million in 2027-2028 and 2028-2029 and by \$500 million in 2029-2030. These will be bridged once the economic uncertainty has dissipated.</p>
Contingency reserve	<p>The financial framework maintains a significant contingency reserve totalling \$8.0 billion over five years, with \$2.0 billion in 2026-2027 and \$1.5 billion per year starting in 2027-2028.</p> <p>This reserve could be used to cover unforeseen expenditures or mitigate the effects of more-moderate-than-expected economic growth. Should it not be required, this reserve would then improve the budgetary balance.</p>

(1) The ratio of expenditure as a proportion of GDP expresses the draw on the economy required to fund expenditures. A low ratio indicates greater sustainability.

□ Taking action on the shares of revenue and expenditure in the economy

The shares of government revenue and expenditure in the economy generally follow similar paths.

In 2026-2027, the share of revenue in the economy stands at 25.0%, below the share of expenditure, which amounts to 25.6% of GDP.

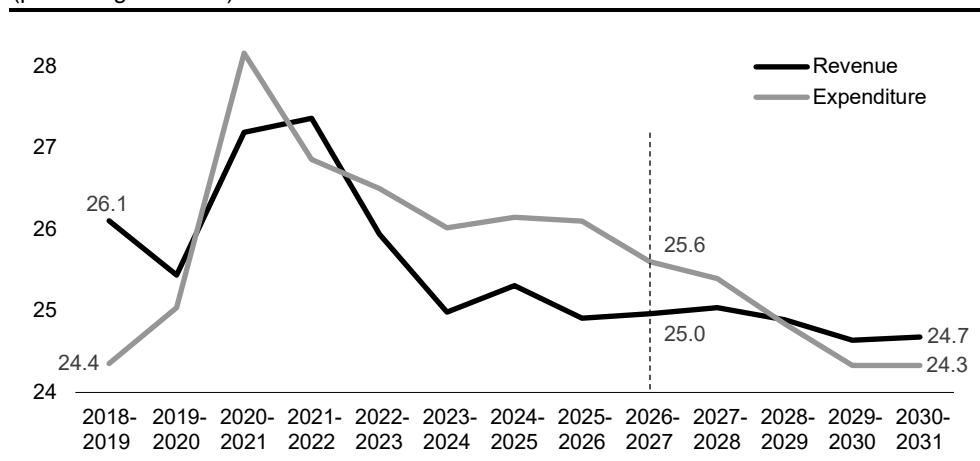
- The decline in the share of revenue in the economy, from 26.1% in 2018-2019 to 25.0% in 2026-2027, is due in particular to the measures implemented by the government to return money to Quebecers, such as the tax reduction announced in Budget 2023-2024 and government contributions to limit school tax increases.
- The increase in the share of expenditure in the economy, from 24.4% in 2018-2019 to 25.6% in 2026-2027, results from government investments to fund public services, such as health and social services and education. It is also linked to actions taken since 2018 to reduce Quebecers' tax burden, such as the increases in the senior assistance amount announced in 2021 and 2022.

This gap will gradually be eliminated to maintain sound public finances over the long term.

- With the plan to restore fiscal balance, including measures for revenue and expenditure, the share of expenditure in the economy will gradually decline to 24.3% in 2030-2031, while that of revenue will stand at 24.7% in the same year.

CHART F.5

Shares of revenue and expenditure in the economy (percentage of GDP)



Limited growth in tax expenditures

When Budget 2024-2025 was released, the government announced that it would conduct a rigorous review of tax expenditures, covering measures related to personal and corporate income taxes, as well as consumption taxes.

Changes have since been made to several tax expenditures with a view to increasing the efficiency of the system and reducing its costs, for example:

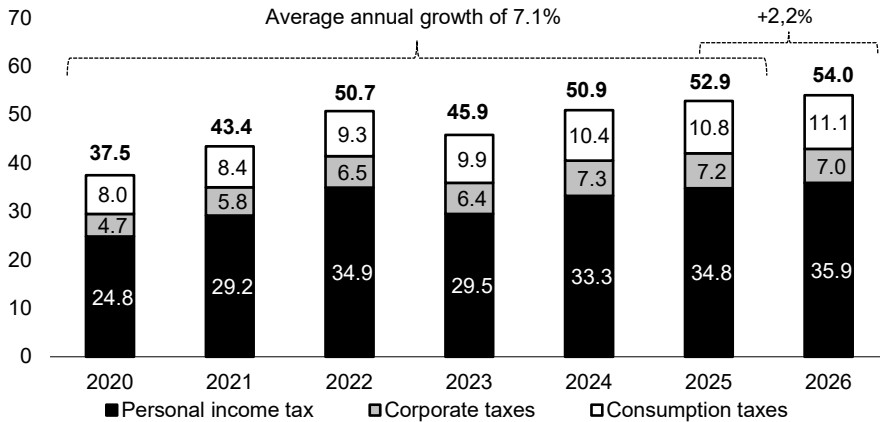
- establishing the tax credit for research, innovation and commercialization to replace eight tax measures;
- adjusting tax credits supporting labour-intensive information technology sectors;
- optimizing the tax credit for career extension.

The review of tax expenditures has therefore helped control costs. Their growth from 2025 to 2026 is thus estimated at only 2.2%, whereas from 2020 to 2025, the cost of tax expenditures grew at an average annual rate of 7.1%.

This exercise has helped limit the growth in tax expenditures and will contribute to the return to a balanced budget, and thus a reduction in debt burden.

Change in tax expenditures

(billions of dollars, unless otherwise indicated)



Note: Totals may not add due to rounding.

Review of budgetary expenditures

The review of budgetary expenditures identified concrete measures to reduce expenditures that will extend over several years and will have a total impact of \$3.0 billion in 2029-2030.

This review, which focuses on the efficiency of government intervention, will identify reductions in expenditure in four main categories, including:

- optimization of administrative expenditures and processes;
- capping independent labour rates in the health and social services sector;
- updating certain programs;
- transforming the way the government operates.

These actions will help improve government efficiency, maintain sustainable growth in expenditures and ensure a gradual return to a balanced budget by 2029-2030.

Furthermore, considering that remuneration represents a significant portion of expenditures, the government is continuing, in a gradual and responsible manner, to reduce the size of government, a process that began in fiscal year 2025-2026. These efforts will continue during fiscal year 2026-2027.

3. REVENUE AND EXPENDITURE FORECASTS

Budget 2026-2027 presents the short-term change in revenue and expenditure, that is, the budgetary outlook over three years, from 2025-2026 to 2027-2028.

TABLE F.12

Change in revenue and expenditure

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Revenue				
Own-source revenue excluding revenue from government enterprises	124 605	128 508	133 366	
<i>% change</i>	3.9	3.1	3.8	3.6
Revenue from government enterprises	5 347	5 853	6 442	
<i>% change</i>	-6.0	9.5	10.1	4.2
Federal transfers	30 577	32 131	32 948	
<i>% change</i>	0.3	5.1	2.5	2.6
Total revenue	160 529	166 492	172 756	
<i>% change</i>	2.8	3.7	3.8	3.4
Expenditure				
Portfolio expenditures	-158 029	-160 489	-164 279	
<i>% change</i>	4.5	1.6	2.4	2.8
Debt service	-10 155	-10 268	-10 931	
<i>% change</i>	1.9	1.1	6.5	3.1
Total expenditure	-168 184	-170 757	-175 210	
<i>% change</i>	4.3	1.5	2.6	2.8
Contingency reserve	—	-2 000	-1 500	
ACCOUNTING SURPLUS (DEFICIT)	-7 655	-6 265	-3 954	
<i>% of GDP</i>	1.2	0.9	0.6	

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

3.1 Change in revenue

Government revenue encompasses own-source revenue, including revenue from government enterprises, as well as revenue from federal transfers.

Government revenue stands at \$160.5 billion in 2025-2026, being \$130.0 billion in own-source revenue and \$30.6 billion in federal transfers.

— In 2025-2026, own-source revenue represents 81.0% of government revenue, while revenue from federal transfers represents 19.0%.

Government revenue will stand at \$166.5 billion in 2026-2027 and \$172.8 billion in 2027-2028, representing growth of 3.7% and 3.8%, respectively.

TABLE F.13

Change in revenue

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Own-source revenue				
Own-source revenue excluding revenue from government enterprises	124 605	128 508	133 366	
% change ^{(2),(3)}	3.9	3.1	3.8	3.6
Revenue from government enterprises	5 347	5 853	6 442	
% change ⁽⁴⁾	-6.0	9.5	10.1	4.2
Subtotal	129 952	134 361	139 808	
% change	3.5	3.4	4.1	3.6
Federal transfers	30 577	32 131	32 948	
% change	0.3	5.1	2.5	2.6
TOTAL	160 529	166 492	172 756	
% change	2.8	3.7	3.8	3.4

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

(2) In 2026-2027, the growth in own-source revenue excluding revenue from government enterprises is due in particular to the 3.5% change in nominal GDP in 2026 and the impact of the implementation of a temporary holiday from contributions to the Health Services Fund in 2026 and 2027.

(3) In 2027-2028, the growth in own-source revenue excluding revenue from government enterprises is mainly due to the 3.4% change in nominal GDP in 2027 and the impact of harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.

(4) The growth observed in 2026-2027 and 2027-2028 is mainly due to the increase in Hydro-Québec's results, stemming, in particular, from higher export volumes with the commissioning of infrastructure related to two major contracts for the sale of electricity to the United States.

3.1.1 Own-source revenue excluding revenue from government enterprises

Own-source revenue excluding revenue from government enterprises consists mainly of tax revenue, including personal income tax, contributions for health services, corporate taxes, school property tax and consumption taxes.

— Changes in tax revenue generally reflect changes in economic activity in Québec and changes made to the tax systems.

Own-source revenue also includes other sources of revenue, namely:

- duties, permits and royalties, including revenue from the carbon market;
- miscellaneous revenue, such as revenue from services rendered⁷ and income on accounts receivable, loans and investments.

In 2025-2026, own-source revenue stands at \$124.6 billion, an increase of 3.9% compared to 2024-2025. It will reach \$128.5 billion in 2026-2027 and \$133.4 billion in 2027-2028, growing by 3.1% and 3.8%, respectively.

TABLE F.14

Change in own-source revenue excluding revenue from government enterprises – Summary (millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Tax revenue	102 899	106 058	110 142	
% change ^{(2),(3),(4)}	5.6	3.1	3.9	4.2
Other revenue	21 706	22 450	23 224	
% change ⁽⁵⁾	-3.3	3.4	3.4	1.1
TOTAL	124 605	128 508	133 366	
% change	3.9	3.1	3.8	3.6

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

(2) In 2025-2026, the growth in tax revenue is mainly due to the 4.5% change in nominal GDP in 2025 and increased efforts by Revenu Québec to combat tax evasion.

(3) In 2026-2027, the growth in tax revenue is due in particular to the 3.5% change in nominal GDP in 2026 and the impact of the implementation of a temporary holiday from contributions to the Health Services Fund in 2026 and 2027 to support the agriculture, forestry and fishing sectors.

(4) In 2027-2028, the growth in tax revenue is mainly due to the 3.4% change in nominal GDP in 2027 and the impact of harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.

(5) In 2025-2026, the change in other revenue is due to the non-recurrence of a significant portion of the amount of \$1.7 billion received by the Québec government in 2024-2025 to offset smoking-related health costs under the plan of arrangement between the tobacco companies and their creditors.

⁷ Revenue from services rendered includes, in particular, health care facility accommodation fees, prescription drug insurance premiums and tuition fees.

□ Tax revenue

In 2025-2026, revenue from personal income tax, the government's main revenue source, stands at \$49.0 billion, an increase of 7.3% compared to 2024-2025. It will reach \$50.8 billion in 2026-2027 and \$52.7 billion in 2027-2028, growing by 3.7% each year.

Among other things, this change in revenue from personal income tax reflects:

- the increase in household income, including wages and salaries, which grew by 4.4% in 2025 and will grow by 3.0% in 2026 and 3.5% in 2027, as well as the increase in capital gains realized by taxpayers tied to the strong performance of financial markets in 2025;
- the high level of source deductions and instalment payments seen since the start of 2025-2026;
- all the parameters of the personal income tax system, such as indexation and the progressive nature of the income tax system;
- the effect of optimizing the tax credit for career extension as of 2025-2026, announced in the *Update on Québec's Economic and Financial Situation – Fall 2024*.

In 2025-2026, contributions for health services stand at \$9.2 billion, representing an increase of 3.6%. They will reach \$9.4 billion in 2026-2027 and \$9.7 billion in 2027-2028, representing growth of 2.6% and 3.6%, respectively.

Among other things, this change in contributions for health services reflects:

- the growth in wages and salaries, which stands at 4.4% in 2025 and is expected to be 3.0% in 2026 and 3.5% in 2027;
- the effect of the end of indexation of the eligibility threshold⁸ for reduced rates of the employer contribution to the Health Services Fund, announced in Budget 2025-2026, which contributes to growth in revenue;
- the effect of the implementation of a temporary holiday from contributions to the Health Services Fund in 2026 and 2027 to support the agricultural, forestry and fishing sectors, which are essential to the vitality of the regions.

⁸ This threshold will be maintained at \$7.8 million.

In 2025-2026, revenue from corporate taxes stands at \$14.1 billion, growing by 5.7% compared to 2024-2025. It will stand at \$14.5 billion in 2026-2027 and \$15.3 billion in 2027-2028, growing by 3.0% and 5.3%, respectively.

The change in revenue from corporate taxes reflects, in particular:

- the growth in the net operating surplus of corporations, which stands at 5.7% in 2025 and is expected to be 3.7% in 2026 and 3.1% in 2027;⁹
- the increase in capital gains realized by corporations tied to the strong performance of financial markets in 2025;
- the effect of harmonization with the accelerated depreciation measures announced by the federal government since the 2024 budget;
- greater efforts by Revenu Québec to combat tax evasion.

In 2025-2026, revenue from the school property tax stands at \$1.3 billion, an increase of 4.9% compared to 2024-2025. It will reach \$1.3 billion in 2026-2027 and \$1.4 billion in 2027-2028, growing by 4.5% and 9.5%, respectively.

- This increase is influenced by changes in the amount for the funding of local needs, which considers the projected growth in the student population and in the cost of goods and services funded by the school property tax.
- It also reflects the impact of the additional contribution from the Québec government to limit the increase in school taxes to 3% on average for 2025-2026 and 2026-2027.

In 2025-2026, revenue from consumption taxes totals \$29.4 billion, an increase of 3.5% compared to 2024-2025. It will stand at \$30.0 billion in 2026-2027 and \$31.0 billion in 2027-2028, increases of 2.2% and 3.2%, respectively.

The change in revenue from consumption taxes reflects, in particular:

- the increase in household consumption,¹⁰ which stands at 2.6% in 2025 and is expected to reach 2.7% in 2026 and 3.3% in 2027;
- the growth in residential construction investment, which stands at 14.2% in 2025 and is expected to be 3.4% in 2026 and 1.2% in 2027;
- the harmonization of the tax rate on insurance premiums and that of the QST starting on January 1, 2027, announced in Budget 2025-2026.

⁹ The change in revenue from corporate taxes also reflects the growth in total exports, which stands at 0.7% in 2025, 2.2% in 2026 and 3.5% in 2027.

¹⁰ Household consumption excluding food expenditures and shelter.

TABLE F.15

Change in own-source revenue excluding revenue from government enterprises

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Tax revenue				
Personal income tax	49 003	50 800	52 687	
% change ⁽²⁾	7.3	3.7	3.7	4.9
Contributions for health services	9 175	9 412	9 749	
% change ⁽³⁾	3.6	2.6	3.6	3.3
Corporate taxes	14 102	14 527	15 296	
% change ^{(4),(5),(6)}	5.7	3.0	5.3	4.7
School property tax	1 255	1 311	1 435	
% change ⁽⁷⁾	4.9	4.5	9.5	6.3
Consumption taxes	29 364	30 008	30 975	
% change ⁽⁸⁾	3.5	2.2	3.2	3.0
Subtotal	102 899	106 058	110 142	
% change	5.6	3.1	3.9	4.2
Other revenue				
Duties, permits and royalties	6 311	6 542	6 939	
% change ^{(9),(10)}	1.9	3.7	6.1	3.9
Miscellaneous revenue	15 395	15 908	16 285	
% change ⁽¹¹⁾	-5.3	3.3	2.4	0.1
Subtotal	21 706	22 450	23 224	
% change	-3.3	3.4	3.4	1.1
TOTAL	124 605	128 508	133 366	
% change	3.9	3.1	3.8	3.6

Note: Totals may not add due to rounding.

- (1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.
- (2) In 2025-2026, the growth in revenue from personal income tax is due to the 4.4% increase in wages and salaries in 2025, the impact of the 2025 financial market performance on capital gains realized by taxpayers, and the high level of source deductions and instalment payments seen since the start of 2025-2026.
- (3) In 2026-2027, the growth in contributions for health services is due to the 3.0% increase in wages and salaries in 2026 and the effect of the implementation of a temporary holiday from contributions to the Health Services Fund in 2026 and 2027 to support the agricultural, forestry and fishing sectors.
- (4) In 2025-2026, the growth in corporate tax revenue is due, in particular, to the 5.7% increase in the net operating surplus of corporations in 2025.
- (5) In 2026-2027, the growth in revenue from corporate taxes is due to the 3.7% increase in the net operating surplus of corporations in 2026 and the impact of harmonization with the expensing measures announced by the federal government in the 2025 fall budget.
- (6) In 2027-2028, the growth in revenue from corporate taxes is due, in particular, to the 3.1% increase in the net operating surplus of corporations in 2027 and harmonization with the accelerated depreciation and expensing measures announced in the 2024 federal budget.
- (7) The growth in revenue from school property tax is influenced by changes in the amount for the funding of local needs, which considers the projected growth in the student population and in the cost of goods and services funded by the school property tax.
- (8) In 2026-2027, the growth in consumption taxes is due to the 2.7% increase in household consumption, excluding food expenditures and shelter in 2026, and a return to normal input tax refunds, due to the recovery in the production pace of businesses.
- (9) In 2025-2026, the growth in revenue from duties, permits and royalties is due, in particular, to the expected increase in revenue from natural resources, mainly mining revenue, the effect of which is partially offset by the decline in revenue from the carbon market.
- (10) In 2027-2028, the growth in revenue from duties, permits and royalties is due, in particular, to the expected increase in revenue from the carbon market.
- (11) In 2025-2026, the change in miscellaneous revenue is due, in particular, to the non-recurrence of a significant portion of the amount of \$1.7 billion received in 2024-2025 to offset smoking-related health costs under the plan of arrangement between tobacco companies and their creditors.

❑ Other revenue

In 2025-2026, revenue from duties, permits and royalties amounts to \$6.3 billion, an increase of 1.9% compared to 2024-2025. It will stand at \$6.5 billion in 2026-2027 and \$6.9 billion in 2027-2028, increases of 3.7% and 6.1%, respectively.

— The change in revenue from duties, permits and royalties is due to the change in revenue from natural resources and from the carbon market.

In 2025-2026, miscellaneous revenue stands at \$15.4 billion, a decline of 5.3% compared to 2024-2025. It will reach \$15.9 billion in 2026-2027 and \$16.3 billion in 2027-2028, growing by 3.3% and 2.4%, respectively.

The change in miscellaneous revenue reflects, in particular:

- the non-recurrence of a significant portion of the amount of \$1.7 billion received by the Québec government in 2024-2025 to offset smoking-related health costs under the plan of arrangement between the tobacco companies and their creditors;
- the change in investment income of the Generations Fund;
- the anticipated revenue of special funds, non-budget-funded bodies, and bodies in the education and higher education networks.
 - For example, the growth in the revenue of the higher education networks is influenced by, among other things, the change in clientele.

3.1.2 Revenue from government enterprises

Government enterprises consist of commercial corporations held by the government, which have managerial autonomy and are financially self-sufficient. Revenue from government enterprises corresponds in large part to the net earnings of these corporations.

This revenue stands at \$5.3 billion in 2025-2026, a decrease of 6.0%, \$5.9 billion in 2026-2027, an increase of 9.5%, and \$6.4 billion in 2027-2028, an increase of 10.1%.

TABLE F.16

Change in revenue from government enterprises (millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Hydro-Québec	1 955	2 445	2 905	
Loto-Québec	1 517	1 557	1 643	
Société des alcools du Québec	1 389	1 406	1 391	
Investissement Québec	333	292	344	
Société québécoise du cannabis ⁽²⁾	130	146	147	
Other ⁽³⁾	23	7	12	
TOTAL	5 347	5 853	6 442	
% change	-6.0	9.5	10.1	4.2

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

(2) Revenue is allocated to the Fund to Combat Addiction.

(3) The other government enterprises include the Société ferroviaire et portuaire de Pointe-Noire S.E.C., Capital Financière agricole inc., the Fonds d'investissement Eurêka S.E.C., the Fonds Impulsion S.E.C. and the Société du parc industriel et portuaire de Bécancour.

The 6.0% decrease in 2025-2026 is due, in particular, to the decline in Hydro-Québec's results, primarily tied to low runoff.

— Since 2023, Hydro-Québec has had to contend with low runoff, as natural water inflows have been below normal overall, significantly affecting its reservoir levels, its surplus generation capacity and consequently its revenue.

The growth observed in 2026-2027 and 2027-2028 is mainly due to the increase in Hydro-Québec's results, stemming, in particular, from higher export volumes with the commissioning of infrastructure related to two major contracts for the sale of electricity to the United States.

Additional efficiency measures by Investissement Québec

Since 2025-2026, the main government enterprises have been required to make efficiency efforts totalling \$1.8 billion by 2030-2031 to improve their financial results with the aim of bolstering the reduction in the budgetary deficit.

In Budget 2026-2027, Investissement Québec is being requested to make an additional contribution toward a return to a balanced budget by taking further steps to generate \$150 million over five years.

- This announcement aims to encourage establishment of a revenue trajectory that better aligns with the deficit reduction imperatives.

Additional efficiency measures requested from Investissement Québec

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Additional earnings ⁽¹⁾	—	20	30	30	35	35	150

(1) The amounts shown have been included in the forecasts of revenue from government enterprises.

3.1.3 Federal transfers

Revenue from federal transfers consists of federal government revenue paid to Québec under the *Federal-Provincial Fiscal Arrangements Act*, to which is added revenue from other programs under bilateral agreements.

It mainly includes equalization and revenue from the Canada Health Transfer (CHT) and the Canada Social Transfer (CST).

Revenue from federal transfers is expected to increase by 0.3% in 2025-2026 and 5.1% in 2026-2027. The growth in 2026-2027 is due, in particular, to the minimal growth in the CHT of 5.0% across Canada.

Over five years, from 2026-2027 to 2030-2031, average annual growth will, however, be limited to 1.7%.

TABLE F.17

Change in federal transfers

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	AAGR ⁽¹⁾
Equalization	13 567	13 907	14 623	14 635	14 787	15 213	
% change	1.9	2.5	5.1	0.1	1.0	2.9	2.3
Health transfers	8 685	9 265	9 413	9 539	9 811	10 106	
% change	3.0	6.7	1.6	1.3	2.9	3.0	3.1
Transfers for post-secondary education and other social programs	1 315	1 392	1 396	1 404	1 411	1 420	
% change	-2.6	5.9	0.3	0.6	0.5	0.6	1.5
Other programs	7 010	7 567	7 516	7 444	6 328	6 586	
% change ⁽²⁾	-5.3	7.9	-0.7	-1.0	-15.0	4.1	-1.2
TOTAL	30 577	32 131	32 948	33 022	32 337	33 325	
% change	0.3	5.1	2.5	0.2	-2.1	3.1	1.7

(1) Average annual growth rate, corresponding to the geometric mean over five years, from 2026-2027 to 2030-2031.

(2) Other programs include revenue from federal transfers under Canada-Québec agreements. They include, in particular, the Canada-Québec immigration agreement, the early learning and childcare agreement, labour market transfer agreements, as well as the compensation Québec receives related to the Canada Student Financial Assistance Program. They also include revenue from federal transfers related to housing and infrastructure agreements. The decline forecast for 2029-2030 is due to lower infrastructure transfers.

❑ Federal transfers will have weak growth over the next five years

Weak growth in federal transfers is expected between now and 2030-2031. Over five years, from 2026-2027 to 2030-2031, an average annual growth rate of 1.7% is anticipated. This contrasts with an average annual growth rate for the past 10 years, from 2016-2017 to 2025-2026, of 4.9%.

It also contrasts with the average annual growth rate of Canada's nominal GDP of 3.7% projected from 2026 to 2030, which typically serves as a good indicator of a government's revenue growth.

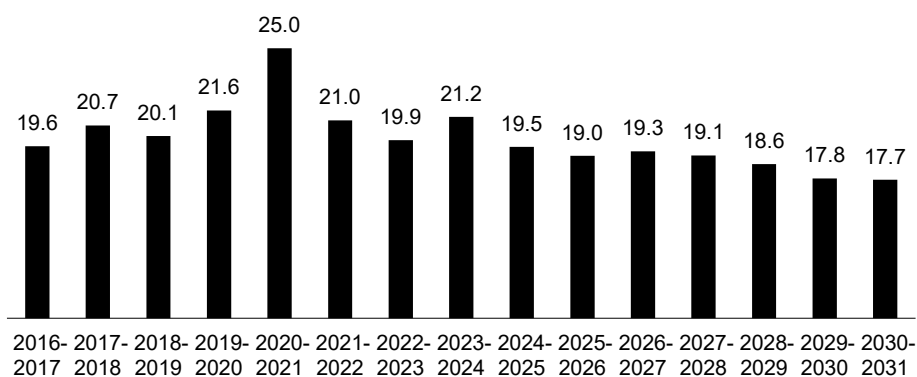
This weak growth in Québec's revenue from federal transfers is explained, in particular, by:

- an insufficient increase in the CHT, whose minimum annual growth will decrease from 5% to 3% starting in 2028-2029, and the CST, whose annual growth has been limited to 3% since 2008-2009;
- a decrease in Québec's demographic weight, as the vast majority of transfers to the provinces and territories, notably the CHT, are distributed on a per capita basis;
- one-time payments and time-limited agreements, for example, for infrastructure.

As a result, Québec's revenue from federal transfers as a percentage of its total revenue, which stood at 21.6% in 2019-2020, is expected to decline to 19.3% in 2026-2027 and 17.7% in 2030-2031.

CHART F.6

Federal transfers as a percentage of Québec's total revenue (per cent)



Source: Ministère des Finances du Québec.

❑ Québec's requests to the federal government

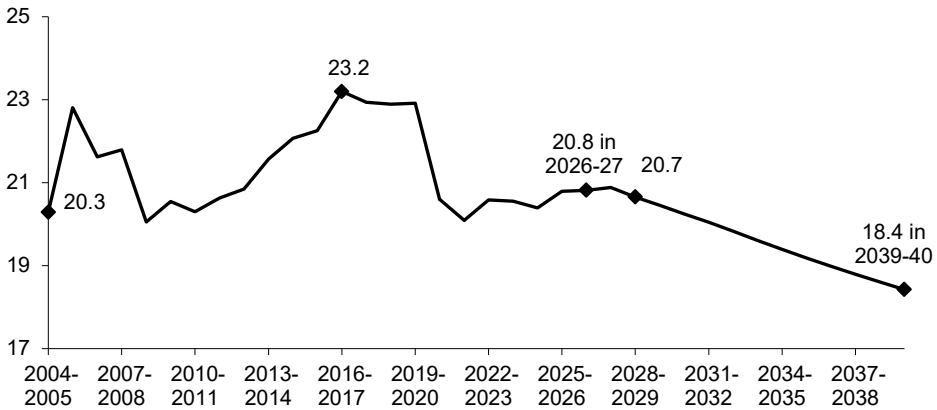
Québec is asking for a larger increase in the CHT. The amounts for health announced by the federal government in February 2023 are clearly insufficient. However, the federal budget, tabled on November 4, 2025, did not contain an increase in the CHT.

The CHT's share of provincial and territorial health spending will stand at 20.8% in 2026-2027, whereas it was at 23.2% in 2016-2017. Moreover, this share will decline as of 2028-2029, because the minimum annual increase in the CHT will fall from 5% to 3% as of 2028-2029.

In this respect, Québec is asking that the minimum annual increase in the CHT of 5% across Canada be applied beyond 2027-2028. Québec would thus receive additional revenue from federal transfers, estimated at \$1.1 billion over three years, from 2028-2029 to 2030-2031, to fund its health and social services system.

CHART F.7

The Canada Health Transfer as a proportion of provincial and territorial health spending – 2004-2005 to 2039-2040
(per cent)



Sources: Canadian Institute for Health Information, Signal49 Research, Department of Finance Canada and Ministère des Finances du Québec.

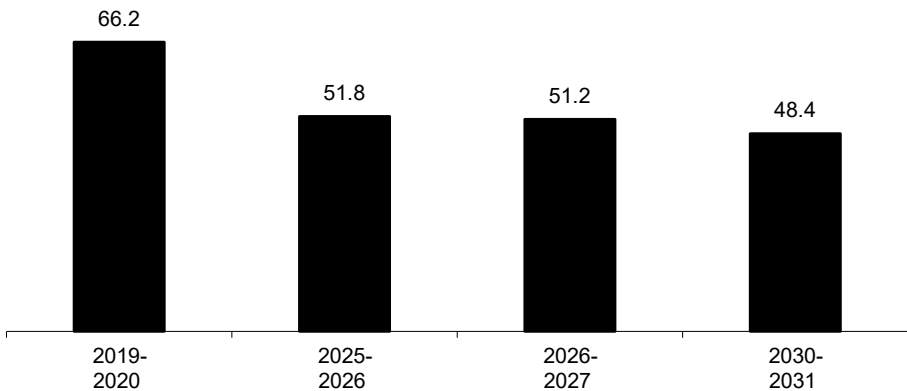
Québec also expects the federal government to contribute financially to the Québec Infrastructure Plan, particularly through the Build Communities Strong Fund and the Canada Public Transit Fund, but also through increased transfers. The investments announced by the federal government in its 2025 budget fall far short of the 10-year, \$100 billion plan requested by the provinces and territories.

An improvement in Québec's economic situation resulting in a decrease in its share of the equalization envelope

Québec's share of the equalization envelope has been decreasing since 2020-2021, particularly due to the improvement in Québec's economic situation in comparison with the rest of Canada.

Québec's share of the equalization envelope, which stood at 66.2% in 2019-2020, is expected to decline to 48.4% in 2030-2031.

Expected change in Québec's share of the equalization envelope (per cent)



Note: A smoothing mechanism with lag is applied to determine equalization payments. For example, the equalization payments for the provinces for 2026-2027 are based on data for 2022-2023 (25%), 2023-2024 (25%) and 2024-2025 (50%).

Sources: Department of Finance Canada and Ministère des Finances du Québec.

Québec is asking the federal government to reimburse the costs incurred in 2024 for welcoming asylum seekers

Québec has welcomed a significant number of asylum seekers since 2017. In 2024 and 2025, Québec welcomed, respectively, 57 225 and 38 515 asylum seekers, one third of Canada's total, while Québec's demographic weight in Canada is close to 22%. Furthermore, as at October 1, 2025, 37.7% of asylum seekers, protected persons, and related groups in Canada were in Québec (190 163 people out of 504 767).

While the federal government is primarily responsible for managing the movement of asylum seekers, Québec remains determined to making a humanitarian contribution to ensure that they are always welcomed in a safe and dignified manner. In particular, Québec offers these newcomers several services.

As it did for the years 2017 to 2023, the Québec government is asking the federal government to reimburse Québec for the costs of providing services to asylum seekers in 2024. The federal government has only reimbursed Québec \$43.1 million of the \$733.0 million in costs it incurred in 2024, an amount equivalent to only 6%. Québec expects to soon receive the outstanding amount of \$689.9 million. It also expects a long-term compensation mechanism to be developed covering expenditure incurred in 2025 and those that will be incurred as of 2026.

3.2 Change in expenditure

Expenditure consists, on the one hand, of portfolio expenditures tied to the delivery of public services, which are influenced by demographics and prices and, on the other hand, debt service, which is mainly driven by the level of debt and interest rates.

In 2025-2026, expenditure totalled \$168.2 billion, that is, \$158.0 billion in portfolio expenditures and \$10.2 billion in debt service.

- It will stand at \$170.8 billion in 2026-2027 and \$175.2 billion in 2027-2028.
- In 2025-2026, growth in portfolio expenditures stands at 4.5%, due in particular to advance payments for public transit infrastructure projects, funding for housing construction activities and funding for new subsidized childcare spaces.
- In 2026-2027, the moderate growth in portfolio expenditures of 1.6% is explained by the effect of non-recurring expenditures from 2025-2026 in 2026-2027,¹¹ including advance payments for public transit infrastructure projects. Excluding these expenditures, growth stands at 3.3%.
- In 2027-2028, the growth in portfolio expenditures, which stands at 2.4%, reflects the expected increase in costs tied to the delivery of government services and the increase in infrastructure investments.

The debt service represents approximately 6% of the government's overall expenditure.

- The 6.5% change in debt service in 2027-2028 is primarily explained by the increase in the debt level and the renewal of maturing fixed-rate loans at higher interest rates.

From 2025-2026 to 2027-2028, the annual growth in expenditure will average 2.8%.

TABLE F.18

Change in expenditure

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Portfolio expenditures	158 029	160 489	164 279	
% change	4.5	1.6	2.4	2.8
Debt service	10 155	10 268	10 931	
% change	1.9	1.1	6.5	3.1
TOTAL	168 184	170 757	175 210	
% change	4.3	1.5	2.6	2.8

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

¹¹ Expenditures from 2025-2026, not recurring in 2026-2027, are presented on page F.60.

3.2.1 Portfolio expenditures

To achieve its objectives and carry out its activities, the government sets up programs that are administered by government entities, including departments and bodies. The set of entities under the responsibility of a department constitutes a portfolio.

TABLE F.19

Change in expenditures by portfolio (millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Santé et Services sociaux	65 991	68 708	70 238	
% change ⁽²⁾	2.7	4.1	2.2	3.0
Éducation	23 516	24 075	24 901	
% change ⁽³⁾	0.7	2.4	3.4	2.2
Enseignement supérieur	11 335	11 749	12 359	
% change ⁽⁴⁾	-0.4	3.7	5.2	2.8
Famille	9 741	10 009	10 160	
% change ⁽⁵⁾	8.1	2.8	1.5	4.1
Transports et Mobilité durable	9 262	7 739	8 712	
% change ⁽⁶⁾	20.5	-16.4	12.6	4.3
Emploi et Solidarité sociale	5 803	5 952	5 865	
% change ⁽⁷⁾	1.7	2.6	-1.5	0.9
Affaires municipales et Habitation	5 758	5 608	5 189	
% change ⁽⁸⁾	15.0	-2.6	-7.5	1.2
Économie, Innovation et Énergie	4 867	4 511	4 158	
% change ⁽⁹⁾	2.1	-7.3	-7.8	-4.5
Environnement, Lutte contre les changements climatiques, Faune et Parcs	1 989	2 004	2 197	
% change ⁽¹⁰⁾	-8.8	0.8	9.6	0.2
Other portfolios	19 767	20 734	21 100	
% change ⁽¹¹⁾	10.0	4.9	1.8	5.5
Reallocation of expenditures during the fiscal year	—	-600	-600	
TOTAL	158 029	160 489	164 279	
% change	4.5	1.6	2.4	2.8

TABLE F.19

Change in expenditures by departmental portfolio (cont.)

- (1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.
- (2) The portfolio growth reflects the expected rise in costs, while the arrival of Santé Québec will modernize the governance of the health and social services network by optimizing the management of its activities through efficiency gains.
- (3) In 2025-2026, growth is due to the end of one-time investments in 2024-2025 for the Offensive formation en construction and for helping students experiencing difficulties going back into the classroom. In 2026-2027, growth is due, in particular, to costs related to the delivery of services in the education sector. Excluding the effect in 2025-2026 of the provision for implementing activities supporting the integration and francization of immigrants, the growth in expenditures stands at 3.0%.
- (4) In 2025-2026, the change is attributable to the effect of subsidies granted in 2024-2025 for infrastructure work already carried out by universities, the phasing out of the Perspective Québec scholarship program as of 2025-2026 and the implementation of optimization measures. In 2026-2027 and in 2027-2028, growth is mainly due to the rise in the number of students attending higher education institutions, mitigated by the gradual phasing out of the Perspective Québec scholarship program.
- (5) In 2025-2026, the growth in expenditures is due, in particular, to an advance payment in 2023-2024 for 2024-2025 expenditures for the purpose of funding subsidized educational childcare services, and for funding new subsidized childcare spaces as part of the measures in the action plan for completing the educational childcare services network, the Grand chantier pour les familles – Plan d'action pour compléter le réseau des services de garde éducatifs à l'enfance. In 2027-2028, the change in expenditures is due primarily to the forecast investment in educational childcare services infrastructure as part of the implementation of the measures in the action plan for completing the educational childcare services network, for which major investments have been made in recent years.
- (6) In 2025-2026 and in 2026-2027, the changes in expenditures are mainly due to advance payments in 2025-2026 for public transit infrastructure projects and for the assistance program for public transit development. In 2027-2028, growth is mainly due to the increase in infrastructure investments.
- (7) In 2025-2026, growth in expenditures is primarily due to the gradual phasing out of Opération main-d'œuvre. In 2026-2027, growth is due, in particular, to a higher volume of activities carried out as part of employment assistance measures. In 2027-2028, the change in expenditures is tied, among other things, to the end of certain initiatives and the implementation of optimization measures.
- (8) In 2025-2026, the growth in expenditures is due, in particular, to significant investment in housing to increase the supply of social and affordable housing. In 2026-2027 and 2027-2028, the changes in expenditures are mainly due to expenditures in housing, particularly the planned sequence for housing construction.
- (9) In 2026-2027, the change in expenditures is due, in particular, to the decrease in the financial impacts related to the government's currently planned financial interventions. In 2027-2028, the change is primarily due to the end of the two-year measures announced in Budget 2025-2026 to help businesses cope with U.S. tariffs.
- (10) In 2025-2026, the changes in expenditures are primarily due to the decrease in expenditures under the 2030 Plan for a Green Economy in 2025-2026 as a result of the temporary decline in anticipated revenue from the carbon market. In 2026-2027, the funding increase for public transit from the Electrification and Climate Change Fund is accounted for in the Transports et Mobilité durable portfolio. If this funding were accounted for in the Environnement, Lutte contre les changements climatiques, Faune et Parcs portfolio, the portfolio growth in 2026-2027 would be 7.3%. In 2027-2028, the growth is due, in particular, to the increase in expenditures under the 2030 Plan for a Green Economy resulting from the expected increase in revenue from the carbon market.
- (11) In 2025-2026, growth in expenditures is due, in particular, to an increase in transfers to eligible public transit bodies from the Société de financement des infrastructures locales du Québec and the impact of the Contingency Fund. In 2026-2027, the growth in expenditures is due in particular to the provision for implementing activities supporting the integration and francization of immigrants, which fall under the Immigration, Francisation et Intégration portfolio, targeted assistance for the forestry sector and the costs associated with the general election next October. In 2027-2028, growth in expenditures is mainly due to the increase in work related to infrastructure programs funded by the Société de financement des infrastructures locales du Québec, offset by a decrease in targeted assistance to the forestry sector.

Impact of non-recurring elements on growth in portfolio expenditures

Portfolio expenditures generally fluctuate based on the changing needs of the Québec population and on the implementation of government initiatives and strategies. However, the stable and predictable change in portfolio expenditures can be impacted by one-time funding that has significant effects on growth.

In 2025-2026, the government recorded non-recurring elements totalling \$2 739 million mainly due to advance payments for public transit infrastructure projects. Excluding these elements, growth in expenditures stands at 3.3% in 2026-2027 instead of 1.6%.

Impact of non-recurring elements on growth in portfolio expenditures

(millions of dollars, unless otherwise indicated)

	2025-2026	Non-recurring elements	Provision transfer ⁽¹⁾	2025-2026 comparable to 2026-2027	2026-2027	% change
Santé et Services sociaux	65 991	—	-12	65 979	68 708	4.1
Éducation	23 516	—	-146	23 370	24 075	3.0
Enseignement supérieur	11 335	-90 ⁽²⁾	-27	11 218	11 749	4.7
Famille	9 741	—	—	9 741	10 009	2.8
Transports et Mobilité durable	9 262	-1 980 ⁽³⁾	—	7 282	7 739	6.3
Emploi et Solidarité sociale	5 803	—	-62	5 741	5 952	3.7
Affaires municipales et Habitation	5 758	-113 ⁽⁴⁾	—	5 645	5 608	-0.7
Économie, Innovation et Énergie	4 867	-492 ⁽⁵⁾	—	4 375	4 511	3.1
Environnement, Lutte contre les changements climatiques, Faune et Parcs	1 989	—	—	1 989	2 004	0.8
Other portfolios	19 767	-65 ⁽⁶⁾	247	19 950	20 734	3.9
Reallocation of expenditures during the fiscal year	—	—	—	—	-600	
TOTAL	158 029	-2 739	—	155 290	160 489	3.3

(1) Expenditures funded by a provision forecast in another portfolio, namely the provision for implementing activities supporting the integration and francization of immigrants, and the provision for initiatives concerning government revenues and fraud against the government.

(2) Gradual phasing out of the Perspective Québec scholarship program.

(3) Measures to support the transition of public transit authorities (\$250 million) and advance payments for public transit infrastructure projects (\$1 730 million).

(4) Deferral to the 2027-2028 fiscal year of the transfer granted to the Ville de Montréal for its 2027 municipal year under the framework agreement to recognize the metropolis' special status.

(5) Permanent change in value for the investment in Airbus Canada Limited Partnership (\$402 million) and advance payments for research infrastructure to Luqia Technologies (\$90 million).

(6) Cost of the Gallant Commission (\$10 million) as well as additional expenses of SOPFEU for fighting forest fires in summer 2025 (\$2 million) and the disaster assistance program (\$27 million).

❑ **Santé et Services sociaux: optimizing activities for better delivery of care and services**

The expenditures of the Santé et Services sociaux portfolio primarily cover the activities of Santé Québec, which coordinates the operations of the Québec health and social services network, as well as programs administered by the Régie de l'assurance maladie du Québec. They also cover those of other government bodies, such as Héma-Québec, Urgences-Santé and the Institut national de santé publique du Québec.

These expenditures are influenced by demographics, the delivery of care and services, remuneration and technological developments.

The expenditure growths of 2.7% in 2025-2026, 4.1% in 2026-2027 and 2.2% in 2027-2028 reflect the expected rise in costs, while the arrival of Santé Québec will modernize the governance of the health and social services network by optimizing management of its activities through efficiency gains, ensuring that every dollar invested generates better delivery of care and services.

❑ **Éducation: more moderate growth in clientele**

The expenditures of the Éducation portfolio are primarily devoted to the activities of preschool, primary and secondary education institutions. This portfolio also includes programs to promote sports and recreation and to manage national parks.

In general, this portfolio's expenditures vary according to the change in clientele and the remuneration of personnel of the school service centres and school boards.

Following exceptional growth in expenditures of 16.4% in 2024-2025, the education sector will see more moderate growth of 0.7% in 2025-2026. This low growth is primarily due to the end of one-time investments in 2024-2025 to support the Offensive formation en construction and to help students experiencing difficulties going back into the classroom.

In 2026-2027, the 2.4% growth in expenditures is due, in particular, to costs related to the delivery of services in the education sector. Excluding the effect in 2025-2026 of the provision for implementing activities supporting the integration and francization of immigrants, the growth in expenditures stands at 3.0%.

The growth in expenditures of 3.4% in 2027-2028 reflects the expected increase in costs tied to the delivery of services in the education sector.

□ **Enseignement supérieur: an increase in student numbers**

The expenditures of the Enseignement supérieur portfolio are mainly devoted to the activities of college and university educational institutions. This portfolio also includes student financial assistance. In general, this portfolio's expenditures vary according to changes in clientele and in the remuneration of college and university network personnel, as well as changes in infrastructure investments for chartered universities.

In 2025-2026, the -0.4% change is attributable to the effect of subsidies granted in 2024-2025 for infrastructure work already carried out by universities, the phasing out of the Perspective Québec scholarship program as of 2025-2026, and the implementation of optimization measures.

The expenditure growths of 3.7% in 2026-2027 and 5.2% in 2027-2028 are mainly due to the rise in the number of students attending higher education institutions, mitigated by the gradual phasing out of the Perspective Québec scholarship program.

— Excluding the impact of the provision for activities supporting immigrant integration and francization and the phasing out of the Perspective Québec scholarship program, growth in expenditures stands at 4.7% in 2026-2027.

□ **Famille: implementation of the Grand chantier pour les familles**

The expenditures of the Famille portfolio primarily include funding for educational childcare services and financial assistance for families.

In 2025-2026, the 8.1% growth in expenditures is due, in particular, to an advance payment in 2023-2024 for 2024-2025 expenditures for the purpose of funding subsidized educational childcare services, and for funding new subsidized childcare spaces as part of the measures in the action plan for completing the educational childcare services network, the Grand chantier pour les familles – Plan d'action pour compléter le réseau des services de garde éducatifs à l'enfance.

In 2026-2027, the 2.8% growth in expenditures reflects, in particular, the increase in costs tied to the delivery of educational childcare services.

The 1.5% growth in expenditures in 2027-2028 is mainly due to the forecast investment in educational childcare services infrastructure as part of the implementation of the measures in the Grand chantier pour les familles, for which significant investments have been made in recent years.

❑ **Transports et Mobilité durable: advance payments for public transit**

The expenditures of the Transports et Mobilité durable portfolio primarily include the construction, maintenance and operation of road infrastructure as well as the funding of public transit services. They also include the management of the government's rolling stock, air fleet and ferry services.

The changes in expenditures of 20.5% in 2025-2026 and -16.4% in 2026-2027 are mainly due to advance payments in 2025-2026 for public transit infrastructure projects, namely the extension of the Montréal metro blue line and Québec City's strategic public transit system, and for the assistance program for public transit development.

In 2027-2028, the 12.6% growth in expenditures is mainly due to the increase in infrastructure investments.

❑ **Emploi et Solidarité sociale: the end of certain initiatives**

The expenditures of the Emploi et Solidarité sociale portfolio mainly include financial assistance programs for individuals, including last resort financial assistance and employment assistance programs. They also include the activities of Services Québec, the Registrar of Civil Status and the Registraire des entreprises.

In 2025-2026, the moderate growth in expenditures of 1.7% is primarily due to the gradual phasing out of Opération main-d'œuvre.

Growth in expenditures of 2.6% in 2026-2027 is mainly due to a higher volume of activities carried out as part of employment assistance measures.

In 2027-2028, the change in expenditures of -1.5% is tied, among other things, to the end of certain initiatives and the implementation of optimization measures.

❑ **Affaires municipales et Habitation: significant investment in housing in 2025-2026**

The expenditures of the Affaires municipales et Habitation portfolio primarily consist of financial support for municipalities, particularly for infrastructure, social housing and compensations in lieu of taxes, as well as development measures in the regions, the Capitale-Nationale and the metropolitan area.

In 2025-2026, the 15.0% growth in expenditures is due, in particular, to significant investment in housing through the Québec affordable housing program and partnerships with tax-advantaged funds to increase the supply of social and affordable housing.

In 2026-2027 and 2027-2028, the changes in expenditures of -2.6% and -7.5%, respectively, are mainly due to expenditures on housing, particularly the planned sequence for building units under the AccèsLogis Program, those planned under the Québec affordable housing program, those completed in partnership with tax-advantaged funds, and for 2027-2028, those planned under the low-rental housing renovation program, as well as expenditures stemming from the non-profit housing program.

❑ **Économie, Innovation et Énergie: a gradual reduction in financial interventions**

The expenditures of the Économie, Innovation et Énergie portfolio are mainly devoted to the funding of economic development projects and support for research, innovation and development of energy resources. They also cover youth programs.

In 2025-2026, the 2.1% growth in expenditures provides, in particular, support to Québec businesses by funding economic development projects.

In 2026-2027, the change in expenditures of -7.3% is mainly due to the decrease in the financial impacts related to the government's currently planned financial interventions.

In 2027-2028, the change of -7.8% is primarily due to the end of the two-year measures announced in Budget 2025-2026 to help businesses cope with U.S. tariffs.

❑ **Environnement, Lutte contre les changements climatiques, Faune et Parcs: fluctuation in revenue from the carbon market**

The expenditures of the Environnement, Lutte contre les changements climatiques, Faune et Parcs portfolio are primarily devoted to funding measures to combat climate change, protect the environment and preserve biodiversity. These expenditures also include the operation of public dams, land management of the state's water domain and conservation of wildlife resources and habitats.

The change in expenditures of -8.8% in 2025-2026 is primarily due to the decrease in expenditures under the 2030 Plan for a Green Economy in 2025-2026 as a result of the temporary decline in anticipated revenue from the carbon market.

The weak growth in expenditures of 0.8% in 2026-2027 is due to the recognition in the Transports et Mobilité durable portfolio of the increase in funding for the Electrification and Climate Change Fund for public transit. If this funding were recognized in the Environnement, Lutte contre les changements climatiques, Faune et Parcs portfolio, the portfolio growth would be 7.3%.

In 2027-2028, the 9.6% growth is primarily due to the increase in expenditures under the 2030 Plan for a Green Economy, resulting from the expected increase in revenue from the carbon market.

❑ Other portfolios: one-time supports

The expenditures of other portfolios include the expenditures of all other portfolios, which include, in particular, programs in the culture, immigration, tourism and natural resources sectors, as well as the activities of the judicial system, public security, international relations, the legislative branch and central agencies.

In 2025-2026, the 10.0% growth in expenditures is due, in particular, to an increase in transfers to eligible public transit bodies from the Société de financement des infrastructures locales du Québec and the impact of the Contingency Fund.

— In particular, the Contingency Fund is intended to cover unforeseen expenditures that may arise in government programs. Since fiscal year 2024-2025 is over, expenditures funded by a withdrawal from the Contingency Fund are in the portfolios and there is no Contingency Fund reserve for unforeseen expenditures in 2024-2025, inducing growth for 2025-2026.

In 2026-2027, the 4.9% growth in expenditures is due, in particular, to the provision for implementing activities supporting the integration and francization of immigrants, which fall under the Immigration, Francisation et Intégration portfolio, for targeted assistance for the forestry sector and for the costs associated with the general election next October.

In 2027-2028, the 1.8% growth in expenditures is mainly due to the increase in work related to infrastructure programs funded by the Société de financement des infrastructures locales du Québec, offset by a decrease in targeted assistance to the forestry sector.

❑ Reallocation of expenditures during the fiscal year

Responsible management of expenditures gives the government the leeway it needs to invest in priority sectors. By rigorously monitoring the budgetary envelopes allocated to departments and bodies, the government promotes compliance with the objectives set and allows budgetary resources of approximately 1% of program expenditures to be made available and reallocated during the fiscal year.

Based on the reinvestments seen in recent years, Budget 2026-2027 provides a reallocation of \$600 million in government expenditures for each year. These reallocations correspond in part to the leeway projected for these fiscal years and help maintain the level of services to the public.

Growth in expenditure to meet the needs of Quebecers

From 2019-2020 to 2024-2025, Québec government expenditures grew by an average of 7.5% per year.

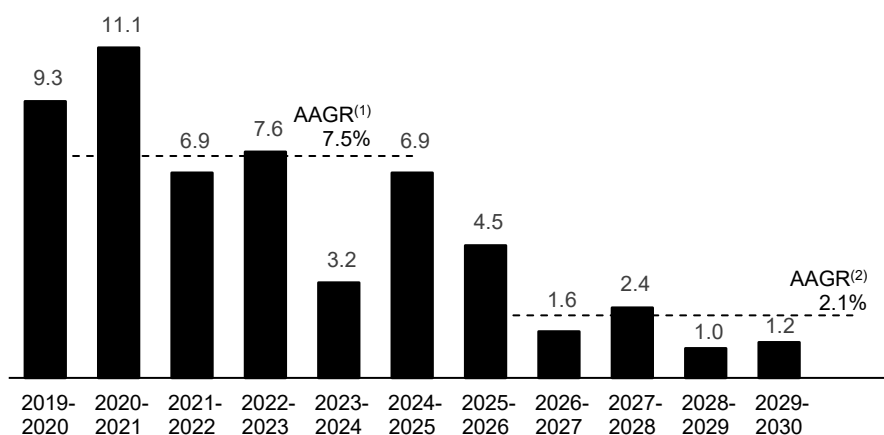
This growth in expenditures is due to the desire to enhance services to the public, while coping with the effects of structural factors such as an aging population and significant infrastructure needs. The priorities remained health, education and the economy, in addition to maintaining sound management of public finances.

Furthermore, this growth is influenced by the 11.1% increase in 2020-2021 associated with the COVID-19 pandemic, which required the introduction of exceptional measures to manage the public health crisis and stimulate the economy. Numerous measures were subsequently put in place to protect Quebecers' purchasing power to cope with a significant increase in inflation.

In 2025-2026, the government tabled a plan to restore fiscal balance over five years. During this period, average annual expenditure growth stood at 2.1%. This more moderate growth in recent years allows the government to continue its efforts to support Quebecers and businesses affected by the current disruptions in the global geopolitical and economic landscape. This growth also takes into account actions taken to improve government efficiency, which are contributing to a gradual return to a balanced budget, to be achieved by 2029-2030.

Portfolio expenditure growth

(per cent)



(1) Average annual growth rate, corresponding to the geometric mean over six years, from 2019-2020 to 2024-2025.

(2) Average annual growth rate, corresponding to the geometric mean over five years, from 2025-2026 to 2029-2030.

3.2.2 Debt service

Debt service consists of interest on the direct debt as well as interest on the liability for the retirement plans and other future benefits of public and parapublic sector employees.

Debt service changes primarily according to the level of debt, interest rates and the return on the Retirement Plans Sinking Fund (RPSF). It will stand at \$10.2 billion in 2025-2026, \$10.3 billion in 2026-2027 and \$10.9 billion in 2027-2028, representing changes of 1.9%, 1.1% and 6.5%, respectively.

In 2025-2026, 2026-2027 and 2027-2028, interest on the direct debt will change by 7.7%, 4.4% and 6.8%, respectively, due, in particular, to the increase in the debt level and the anticipated change in interest rates.

— The higher growth in 2027-2028 is due, in particular, to the renewal of maturing fixed-rate loans at higher interest rates. Global interest rates are expected to be higher in 2027-2028 than they were 10 years ago.

Interest on the liability for the retirement plans and other employee future benefits is reducing debt service since 2025-2026 due to the increase in the investment income of the RPSF, which is deducted from debt service and which now exceeds interest on obligations relating to the retirement plans.

TABLE F.20

Change in debt service

(millions of dollars, unless otherwise indicated)

	2025-2026	2026-2027	2027-2028	AAGR ⁽¹⁾
Interest on direct debt ⁽²⁾	10 591	11 053	11 808	
% change	7.7	4.4	6.8	
Interest on the liability for retirement plans and other employee future benefits ⁽³⁾	-436	-785	-877	
TOTAL	10 155	10 268	10 931	
% change	1.9	1.1	6.5	3.1

(1) Average annual growth rate, corresponding to the geometric mean over three years, from 2025-2026 to 2027-2028.

(2) Interest on the direct debt includes the income of the Sinking Fund for Government Borrowing. This revenue, which is deducted from debt service, consists of interest generated on investments as well as gains and losses on disposal. The forecast for this revenue may be adjusted upward or downward since it is closely tied to changes in interest rates and market behaviour.

(3) This interest corresponds to the interest on obligations relating to the retirement plans and other future benefits of public and parapublic sector employees, minus mainly the investment income of the RPSF.

4. HIGHER PUBLIC INFRASTRUCTURE INVESTMENTS

Public infrastructure investments help support the delivery of quality public services. They also help stimulate the economy and increase Québec's long-term economic potential.

In the uncertain context stemming mainly from U.S. trade policy, an increase in infrastructure investments of \$11 billion over three years, from 2025-2026 to 2027-2028, was announced in the March 2025 budget.

With the dual objective of supporting the economy and providing Québec with modern infrastructure in good condition, in Budget 2026-2027, the government is planning:

- an increase in infrastructure investments of more than \$5 billion over six years, from 2025-2026 to 2030-2031;
 - From 2025-2026 to 2030-2031, investments will total \$108.0 billion, which is \$5.2 billion more than those in the March 2025 budget.
 - The higher investments of \$5.2 billion correspond to an acceleration of \$3.4 billion from 2026-2027 to 2030-2031 and advance payments of \$1.8 billion in 2025-2026.
- a \$3.0-billion increase in the 2026-2036 Québec Infrastructure Plan (QIP), from 2026-2027 to 2035-2036, to \$167 billion.¹²

TABLE F.21

A \$5.2-billion increase in public infrastructure investments over six years (billions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total over 5 years ⁽¹⁾	Total over 6 years
Investments from the March 2025 budget ⁽²⁾	19.2	19.4	19.8	15.0	14.5	14.9	83.6	102.8
Investments from the March 2026 budget	21.0	19.4	19.8	17.0	15.4	15.4	87.0	108.0
Change	1.8	—	—	2.0	0.9	0.5	3.4	5.2

(1) The total over five years covers the years 2026-2027 to 2030-2031.

(2) For 2025-2026, these are probable investments, excluding advance payments of \$1.8 billion, including \$1.7 billion in public transit.

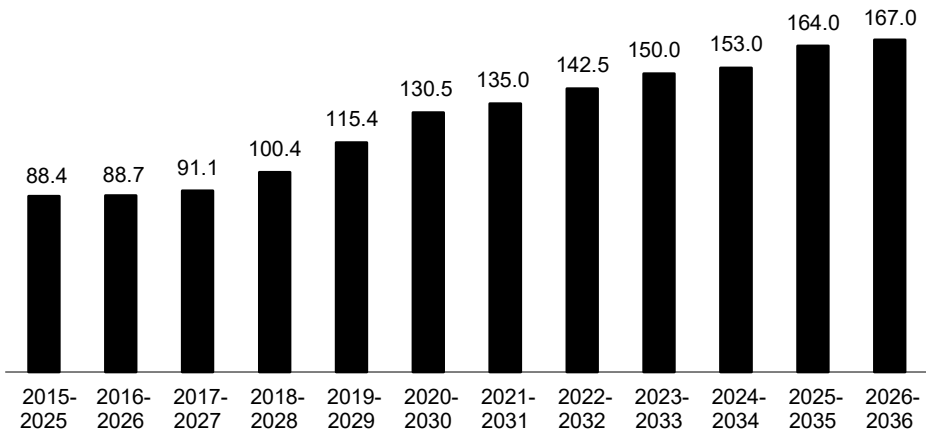
¹² The 2025-2035 QIP stood at \$164 billion.

Over the past eight years, the QIP has been increased each year, going from \$100.4 billion in March 2018 to \$167.0 billion in March 2026. This increase of more than 66% was necessary, given the importance of providing Québec with modern infrastructure and investing more in maintaining the building inventory.

— In addition, Hydro-Québec will make a significant contribution to Québec’s economic growth with the progressive completion of its Action Plan 2035 – Towards a Decarbonized and Prosperous Québec. This plan will require capital investments of between \$135 billion and \$160 billion over the 2024-2035 period.

CHART F.8

Change in the Québec Infrastructure Plan
(billions of dollars)



Source: Secrétariat du Conseil du trésor.

Québec expects the federal government to contribute financially to the QIP, an important plan, particularly through the Build Communities Strong Fund and the Canada Public Transit Fund.

In its 2025 budget, the federal government announced investments of \$23.2 billion over 10 years through the Build Communities Strong Fund. Although these investments fall far short of Québec’s expectations, with the provinces and territories asking for a \$100-billion plan over 10 years, the government will use the federal funds as leverage to ensure that priority projects are carried out across Québec.

❑ Improved service delivery

These investments of \$167.0 billion over 10 years,¹³ spread across all regions of Québec, will enable the government to continue its efforts to maintain and enhance the infrastructure required to provide services to the population. In particular, they will enable:

- building, renovating, and expanding hospitals, building seniors' homes as well as replacing medical equipment;
- completing school renovation work and adding classrooms;
- maintaining the university and college network infrastructure;
- maintaining the road network and further developing it;
- developing core public transit networks and refurbishing existing networks;
- continuing with the digital transformation of public bodies;
- building and renovating social and affordable housing.

¹³ The 2026-2036 Québec Infrastructure Plan published by the Secrétariat du Conseil du trésor provides detailed information on planned investments by sector.

❑ Annual investments are at historically high levels

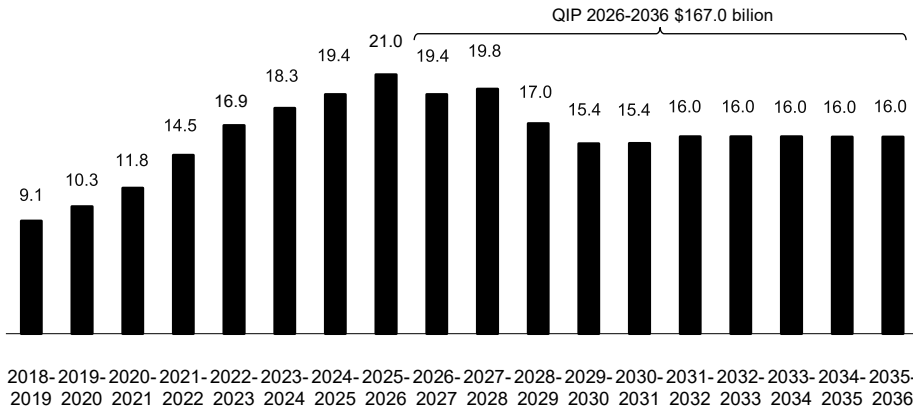
Annual infrastructure investments are reaching historically high levels. They rose from \$9.1 billion in 2018-2019 to \$21.0 billion in 2025-2026.¹⁴ They will stand at \$19.4 billion in 2026-2027 and \$19.8 billion in 2027-2028.

These high investments increase pressure on the financial framework regarding debt service, among other things. To respect taxpayers' ability to pay and following annual infrastructure investments at historic levels, the government intends to stabilize these investments starting in 2028-2029. At \$17 billion in 2028-2029, annual investments will amount to 9.6% of revenue, compared to 11.7% in 2026-2027 and 11.5% in 2027-2028.¹⁵

The government's goal is to ensure the long-term sustainability of public finances and preserve Québec's credit rating for its borrowings.

CHART F.9

Annual investments provided for in the 2026-2036 Québec Infrastructure Plan (billions of dollars)



Note: The investments include advance payments for infrastructure of \$1.4 billion in 2021-2022, \$0.8 billion in 2022-2023 and \$1.8 billion in 2025-2026, including \$1.7 billion in public transit.

Source: Secrétariat du Conseil du trésor.

¹⁴ Investments in 2025-2026 include advance payments for infrastructure of \$1.8 billion, including \$1.7 billion in public transit.

¹⁵ For information purposes, over the past 12 years, from 2013-2014 to 2024-2025, average annual infrastructure investments as a proportion of revenue were 9.7%.

Significant support for municipalities

Since 2018, the Québec government's support for municipalities, consisting of transfers to fund infrastructure, tax transfers to support municipalities' fiscal capacity and subsidies to fund various municipal needs, has increased from \$4.2 billion to more than \$6.6 billion per year.

Strategic investments in drinking water, wastewater and essential infrastructure

The Québec government allocates \$2.2 billion per year to municipal infrastructure funding.

These investments, which are primarily managed and overseen by the Ministère des Affaires municipales et de l'Habitation and the Ministère des Transports et de la Mobilité durable, support municipalities in the following areas:

- maintaining and building drinking water treatment and wastewater sanitation infrastructure, as well as municipal or community infrastructure;
- supporting public transit and local road maintenance;
- strengthening the resilience of infrastructure in the face of disasters and adverse climate events.

To meet the needs raised by municipalities, the investment envelope of the Ministère des Affaires municipales et de l'Habitation will be increased by nearly \$150 million in 2026-2027.

Funds from the Canada Housing Infrastructure Fund will be added to these amounts.

A nearly \$1 billion Canada-Québec agreement benefiting Québec municipalities

On January 21, 2026, the federal government and the Québec government announced an agreement regarding the provincial and territorial agreements component of the Canada Housing Infrastructure Fund.

Under this agreement, Québec will receive \$955 million over nine years, from 2025-2026 to 2033-2034, to increase water infrastructure capacity and efficiency, thereby supporting housing construction in all Québec municipalities.

Tax transfers¹ to support municipalities' financial capacity

In addition to transfers for infrastructure, tax transfers to municipalities total \$1.7 billion per year. This amount has grown significantly in recent years, mainly due to the sharing of a one-point increase in the QST.

This mechanism, which constitutes a major recurring transfer introduced in 2021 and made permanent by the *Act respecting the Ministère des Affaires municipales, des Régions et de l'Occupation du territoire*² in 2024, is expected to exceed \$1 billion per year by 2030, providing municipalities with a stable and predictable source of revenue.

1 These transfers, which are non-investment transfers, include, in particular, the sharing of one percentage point of QST growth, compensation in lieu of taxes for public buildings and land, amounts provided for in the Regions and Rurality Fund, the equalization grant and natural resource royalties.

2 CQLR, chapter M-22.1.

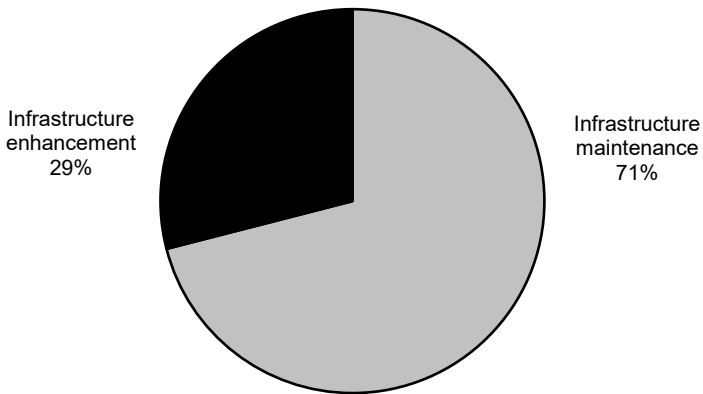
❑ A significant share of the QIP allocated to public infrastructure maintenance

Continued significant investments are necessary to maintain public infrastructure. Some public infrastructure is aging and requires repairs.

A 71% share of 2026-2036 QIP investments will be used for infrastructure maintenance.¹⁶ Compared to the 2025-2035 QIP, this is a significant increase, as the previous figure stood at 65%.¹⁷ New infrastructure will account for 29% of investments.

CHART F.10

2026-2036 Québec Infrastructure Plan by type of investment



Source: Secrétariat du Conseil du trésor.

¹⁶ This share excludes the central envelope.

¹⁷ The 71% share in the 2026-2036 QIP for infrastructure maintenance represents \$105.8 billion, compared to \$96.7 billion in the 2025-2035 QIP.

APPENDIX 1: PORTFOLIO EXPENDITURES

TABLE F.22

Portfolio expenditure forecasts (millions of dollars)

	2025-2026	2026-2027
National Assembly	192	200
Persons appointed by the National Assembly	169	297
Affaires municipales et Habitation	5 758	5 608
Agriculture, Pêcheries et Alimentation	1 522	1 531
Conseil du trésor, Administration gouvernementale et Efficacité de l'État	2 883	3 361
Conseil exécutif	627	630
Culture et Communications	1 990	2 054
Cybersécurité et Numérique	357	353
Économie, Innovation et Énergie	4 867	4 511
Éducation	23 516	24 075
Emploi et Solidarité sociale	5 803	5 952
Enseignement supérieur	11 335	11 749
Environnement, Lutte contre les changements climatiques, Faune et Parcs	1 989	2 004
Famille	9 741	10 009
Finances	4 073	4 087
Immigration, Francisation et Intégration	516	756
Justice	2 018	2 039
Langue française	77	81
Relations internationales et Francophonie	154	148
Ressources naturelles et Forêts	1 403	1 521
Santé et Services sociaux	65 991	68 708
Sécurité publique	3 015	2 876
Tourisme	528	552
Transports et Mobilité durable	9 262	7 739
Travail	243	248
Reallocation of expenditures during the fiscal year	—	-600
TOTAL	158 029	160 489

Note: Totals may not add due to rounding.

APPENDIX 2: REPORT ON THE APPLICATION OF THE *BALANCED BUDGET ACT*

□ *Balanced Budget Act*

Pursuant to the *Balanced Budget Act*, the Minister of Finance must report to the National Assembly, in the budget speech, on the achievement of the objectives of the Act and any variance recorded.

The purpose of the Act is to balance the government's budget. To that end, the Act sets limits on the circumstances that can lead to a budget deficit being anticipated and provides for, in certain cases and in full transparency, a process for returning to a balanced budget.

Balanced Budget Act

The *Balanced Budget Act* was passed by the National Assembly in 1996 and modernized in December 2023. The Act specifies how the budgetary balance is calculated and sets out the applicable rules in the case of an actual or anticipated budgetary deficit.

Pursuant to the Act, the government may not anticipate a budgetary deficit, except in one of the following three specific circumstances:

- a disaster having a major impact on revenue or expenditure;
- a significant deterioration of economic conditions;
- a change in federal programs of transfer payments to the provinces that would substantially reduce transfer payments to the government.

The Act also provides for the presentation of a plan to restore fiscal balance when the budgetary deficit for a given fiscal year is greater than the revenues recorded in the Generations Fund for that year, and it specifies the cases in which such a plan may be replaced.

The plan must present decreasing deficits over a maximum period of five years and anticipate, for the fiscal year preceding the return to a balanced budget, a deficit of 25% or less of the budget deficit referred to in the previous paragraph.

❑ Budgetary balance within the meaning of the *Balanced Budget Act*

The objectives of the *Balanced Budget Act* are achieved if the budgetary balance, calculated in accordance with the Act, is zero or positive. Otherwise, the Minister must report on the circumstances causing the anticipated budgetary deficit. Table F.23 shows the components for establishing the budgetary balance within the meaning of the Act.

Balanced budgets within the meaning of the Act were achieved for fiscal years 2017-2018 to 2019-2020. For 2020-2021, 2021-2022 and 2022-2023, the COVID-19 pandemic had a major impact on the government's financial framework. The *Balanced Budget Act* was amended to suspend the obligation to achieve a balanced budget in those years. However, a balanced budget was achieved in 2020-2021 and 2021-2022 through the use of the stabilization reserve. A plan to offset budget overruns was presented during Budget Speech 2023-2024 in accordance with the *Balanced Budget Act* in effect at that time.

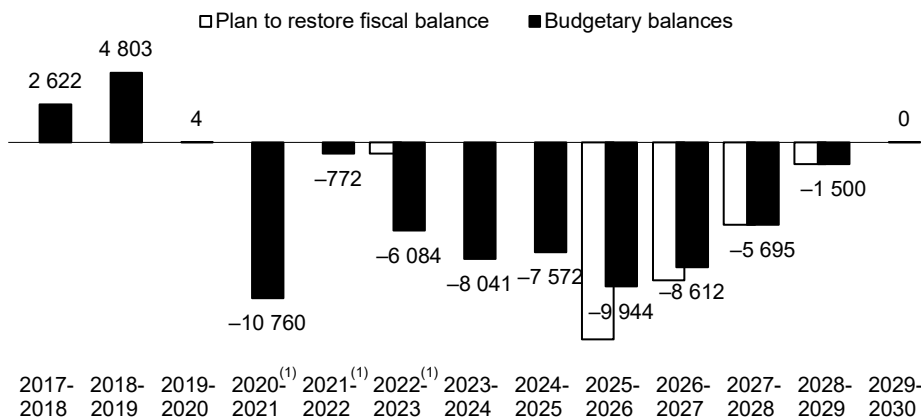
In December 2023, the Act was modernized to make it simpler and more flexible, while keeping it equally binding in terms of the obligation to provide for a balanced budget. The *Public Accounts 2022-2023*, published after the Act was modernized and came into force, showed a deficit, within the meaning of the Act, of \$6 084 million. Since this deficit exceeds the revenues allocated to the Generations Fund, a plan to restore fiscal balance was presented in the Budget Speech 2025-2026. The year 2026-2027 is therefore the second year of the plan to restore fiscal balance.

The financial framework of Budget 2026-2027 complies with the Act, as the projected deficits are lower than or equal to those in the plan tabled in 2025-2026.

CHART F.11

Budgetary balance from 2017-2018 to 2029-2030

(millions of dollars)



Note: Budgetary balance within the meaning of the *Balanced Budget Act*.

(1) Use of the stabilization reserve resulted in balanced budgets for 2020-2021 and 2021-2022, and a budget deficit balance of \$5 635 million for 2022-2023. The stabilization reserve was abolished in 2023-2024.

Budgetary balance within the meaning of the Act

The budgetary balance corresponds essentially to the surplus or the deficit presented in the public accounts (surplus or deficit from operations) reduced by the amount of revenues dedicated to the Generations Fund and adjusted to take certain accounting changes into consideration, if applicable. This definition of budgetary balance is more restrictive than in other provinces and reflects the government's determination to reduce the debt and preserve generational equity.

Before 2023-2024, the Act allowed the stabilization reserve to be taken into account in assessing whether a balanced budget had been achieved. Where the calculated budgetary balance was a deficit, the government used an equivalent amount from the reserve to present a nil budgetary balance and achieve a balanced budget without having to implement an offsetting financial plan. The budgetary balance thus obtained corresponded to the budgetary balance within the meaning of the Act after taking into account the stabilization reserve; however, the stabilization reserve was abolished as of 2023-2024.

□ The plan to restore fiscal balance

The policy directions governing the plan to restore fiscal balance, the monitoring of that plan and the trajectory for returning to a balanced budget are presented in subsection 2 of this section.

TABLE F.23

Budgetary balance within the meaning of the *Balanced Budget Act*
(millions of dollars)

Fiscal year	Accounting surplus (deficit) ⁽¹⁾	Revenues dedicated to the Generations Fund	Accounting and other changes ⁽²⁾	Budgetary balance within the meaning of the Act	Stabilization reserve ⁽³⁾		Budgetary balance within the meaning of the Act after reserve ⁽⁴⁾
					Allocations	Uses	
2015-2016	3 269	-1 453	375	2 191	-2 191	—	—
2016-2017	3 944	-2 001	418	2 361	-2 361	—	—
2017-2018	2 804	-2 293	2 111	2 622	-2 622	—	—
2018-2019	7 675	-3 477	605	4 803	-4 803	—	—
2019-2020	1 845	-2 606	765	4	-4	—	—
2020-2021	-4 378	-3 313	-3 069	-10 760	—	10 760	—
2021-2022	2 567	-3 617	278	-772	—	772	—
2022-2023	-3 126	-3 082	124	-6 084	—	449	-5 635 ⁽⁵⁾
2023-2024	-5 994	-2 047	—	-8 041 ⁽⁶⁾	n/a	n/a	n/a
2024-2025	-5 175	-2 397	—	-7 572 ⁽⁶⁾	n/a	n/a	n/a
2025-2026	-7 655	-2 289	—	-9 944 ⁽⁷⁾	n/a	n/a	n/a
2026-2027	-6 265	-2 347	—	-8 612 ⁽⁷⁾	n/a	n/a	n/a

(1) The annual surpluses (deficits) were restated to take into account, in particular, the accounting standards respecting transfer payments and asset retirement obligations.

(2) To comply with the *Balanced Budget Act*, adjustments are made to take into account restatements in the public accounts, including the change in the application of the accounting standard respecting transfer payments and its impact on the accumulated deficit in 2020-2021.

(3) The stabilization reserve was repealed on December 7, 2023.

(4) The budgetary balance within the meaning of the *Balanced Budget Act* after reserve corresponds to the budgetary balance that takes into account allocations to the stabilization reserve and uses of it in order to maintain a balanced budget or reduce the budgetary deficit.

(5) The obligation to achieve a balanced budget was suspended from March 25, 2021 to March 31, 2023.

(6) Deficits are permitted in 2023-2024 and 2024-2025. Since the deficit for 2022-2023 exceeds the revenue allocated to the Generations Fund, deficits are permitted for the following two years, before the plan to restore fiscal balance was tabled.

(7) A plan to restore fiscal balance was tabled in 2025-2026. During the execution of a plan, a deficit is permitted if it is less than that of the plan.

Section G

THE QUÉBEC GOVERNMENT'S DEBT

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SUMMARY

Québec has made notable progress in reducing its debt load in recent decades. Since 2019, net debt to GDP has fallen significantly, despite the pandemic, major investments in public infrastructure, and reinvestment in public services. However, both in Canada and internationally, governments have generally seen their indebtedness rise in recent years.¹

As at March 31, 2026, Québec's net debt will represent 38.8% of GDP, a considerable decrease of 4.1 percentage points from the level of 42.9% as at March 31, 2019. The average net debt to GDP of the provinces was broadly unchanged during this period, falling from 30.8% as at March 31, 2019 to 30.4% of GDP as at March 31, 2026.

Québec is one of the only provinces, along with Ontario and New Brunswick, to have reduced its indebtedness during this period. In 2025-2026, Québec's deficit as a proportion of the economy will also be lower than the provincial average.

Mainly due to major investments in public infrastructure, such as the maintenance, modernization, and construction of hospitals and schools, net debt to GDP will rise to 39.3% as at March 31, 2028. However, the government expects the net debt burden to decrease over the five-year financial framework period. Québec's net debt burden has also been adjusted downward compared to Budget 2025-2026 for each year of the financial framework.

In accordance with the *Act to reduce the debt and establish the Generations Fund*, the net debt burden will be reduced to 35.5% of GDP by 2032-2033 and to 32.5% of GDP by 2037-2038.

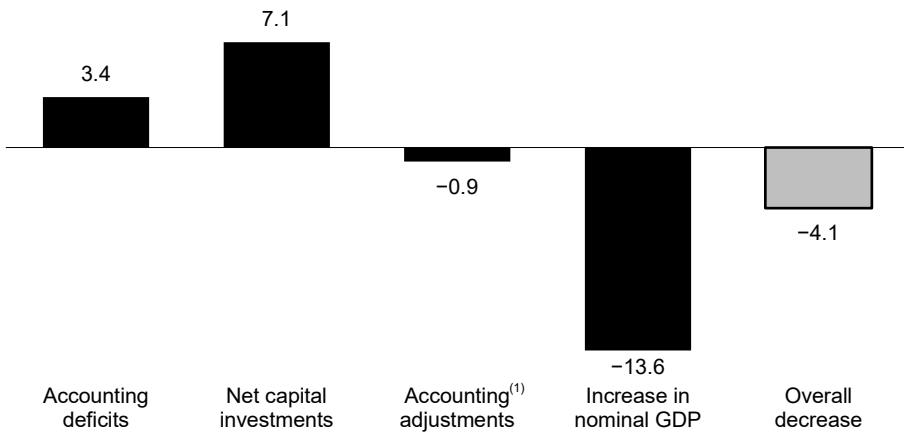
As at March 31, 2026, Québec's net debt will represent 38.8% of GDP, a decrease of 4.1 percentage points from the level of 42.9% as at March 31, 2019, making Québec one of the only provinces to have reduced its indebtedness during this period.

This reduction in indebtedness was achieved against a backdrop of a pandemic, heightened geopolitical tensions caused, among other things, by Russia's invasion of Ukraine, and a trade dispute with the United States.

¹ For advanced economies, the IMF estimated in October 2025 that average gross debt had risen from 102.7% of GDP in 2018 to 110.2% in 2025 and that it would continue to increase. The IMF expected it to reach 118.5% of GDP in 2030. This corresponds to the debt of all levels of public administration.

CHART G.1

Factors responsible for the change in the government’s net debt from 2019 to 2026
(percentage points of GDP)



Note: Totals may not add due to rounding.

(1) For example, revaluation gains related to government enterprises.

In 2026-2027, revenues dedicated to the Generations Fund will stand at \$2.3 billion. They will reach \$2.9 billion in 2030-2031.

The balance of the Generations Fund, which will stand at \$16.6 billion as at March 31, 2026, is expected to reach \$29.1 billion as at March 31, 2031, representing 10.4% of net debt.

The Generations Fund, created 20 years ago, is an efficient and transparent tool that the Québec government adopted to achieve its debt reduction targets. It allows Quebecers to easily identify the amounts allocated each year by the government to reduce debt.

The 2025-2026 financing program is completed, and pre-financing totalling \$9.3 billion has been carried out. Since the March 2025 budget, demand for Québec bonds has been excellent, as evidenced by the issue of a record-breaking amount of US\$4.5 billion in January 2026, the most voluminous issue of its history.

Québec enjoys outstanding credit quality. It should be noted that the rating agency Moody’s gives Québec a higher credit rating than Ontario, while S&P Global does the opposite.

1. QUÉBEC'S DEBT

1.1 Different concepts of debt

Several different concepts of debt are used to measure a government's indebtedness.

- **Gross debt** corresponds to the debt on financial markets, plus the commitments made regarding to the retirement plans of government employees. The balance of the Generations Fund is subtracted from gross debt.
 - As at March 31, 2026, Québec's gross debt will stand at \$272.6 billion, or 42.3% of GDP. This is below the target for reducing gross debt to 45% of GDP by 2025-2026 that had been set in 2010.
- **Net debt** corresponds to the government's liabilities as a whole, less its financial assets. This is a concept used by the other provinces, as well as the OECD and the IMF.
 - As at March 31, 2026, Québec's net debt will stand at \$250.3 billion, or 38.8% of GDP. The government aims to reduce net debt to GDP to 32.5% by 2037-2038.
- **Debt representing accumulated deficits** corresponds to the difference between the government's assets and liabilities. It is the debt that does not correspond to any assets. This is the concept that the federal government uses to present the change in its debt.
 - As at March 31, 2026, the debt representing Québec's accumulated deficits will stand at \$130.4 billion, or 20.2% of GDP.

TABLE G.1

Québec government debt as at March 31 according to different concepts (millions of dollars, unless otherwise indicated)

	2025	2026	2027
GROSS DEBT⁽¹⁾	255 999	272 644	290 045
% of GDP	41.5	42.3	43.5
Less: Financial assets, net of other liabilities ⁽²⁾	-19 836	-22 355	-30 536
NET DEBT	236 163	250 289	259 509
% of GDP	38.3	38.8	38.9
Less: Non-financial assets	-111 751	-119 856	-123 077
DEBT REPRESENTING ACCUMULATED DEFICITS	124 412	130 433	136 432
% of GDP	20.2	20.2	20.5

Note: A new accounting standard (Section *PS 1202 – Financial Statement Presentation*) will come into force on April 1, 2026. From that date, the concept of net debt will be replaced by that of net financial liabilities. The adjustment relates to a liability item called deferred revenue. Non-financial liabilities, which correspond to deferred revenue, will no longer be added to net debt, which currently includes all liabilities. However, it will continue to be considered in the calculation of the debt representing accumulated deficits, which will be renamed "net liabilities." This change results in a 0.8% reduction in net debt to GDP in 2026-2027. However, it does not entail any changes with regard to gross debt and debt representing accumulated deficits.

(1) Gross debt excludes pre-financing and takes into account the amounts accumulated in the Generations Fund.

(2) Financial assets include, in particular, participations in government enterprises (e.g. Hydro-Québec) and accounts receivable. Other liabilities (e.g. accounts payable) are subtracted. As of April 1, 2026, non-financial liabilities are no longer deducted from financial assets, net of other liabilities.

1.2 Net debt

Net debt corresponds to the government's liabilities minus its financial assets. This is a concept used by the other provinces, as well as the OECD and the IMF.

As at March 31, 2026, Québec's net debt will stand at \$250.3 billion, or 38.8% of GDP. The increase over the previous year (0.5 percentage points higher) is due to the budgetary deficit and investments in public infrastructure, such as the maintenance, modernization, and construction of hospitals and schools.

Net debt to GDP is expected to continue to increase until 2027-2028. A gradual reduction is subsequently expected tied to, in part, the improved budgetary situation and deposits of dedicated revenues in the Generations Fund. The government aims to reduce net debt to GDP to 32.5% by 2037-2038.

— It should be noted that net debt to GDP will stand at 39.3% as at March 31, 2028, whereas a ratio of 41.9% was forecast in Budget 2025-2026 for that same year.

Both in Canada and internationally, governments have generally seen their indebtedness rise in recent years. However, the Québec government expects its net debt burden to decrease over the five-year financial framework period. Québec's net debt burden has also been adjusted downward compared to Budget 2025-2026 for each year of the financial framework.

TABLE G.2

Factors responsible for the change in net debt

(millions of dollars, unless otherwise indicated)

	Debt, beginning of year	Accounting deficit (surplus) ⁽¹⁾	Net capital investments	Accounting adjustments ⁽²⁾	Total change	Debt, end of year	% of GDP
2024-2025	220 016	5 175	9 888	1 084	16 147	236 163	38.3
2025-2026	236 163	7 655	8 105	-1 634	14 126	250 289	38.8
2026-2027	244 720 ⁽³⁾	6 265	8 790	-266	14 789	259 509	38.9
2027-2028	259 509	3 204	8 694	-266	11 632	271 141	39.3
2028-2029	271 141	-1 116	7 047	-266	5 665	276 806	38.8
2029-2030	276 806	-2 780	5 544	-266	2 498	279 304	37.9
2030-2031	279 304	-2 918	5 222	-266	2 038	281 342	36.9

(1) From 2027-2028 to 2030-2031, the accounting balance includes the gap to be bridged.

(2) Accounting adjustments include the impact of revaluation elements on net debt. As at March 31, 2025, the increase in net debt is mainly due to revaluation losses related to derivative financial instruments.

As at March 31, 2026, gains are expected, which will lead to a decrease in net debt. These variations will have no permanent effect on debt.

(3) As of April 1, 2026, the concept of net debt will be replaced by that of net financial liabilities. It is estimated that this change will result in a \$5.6-billion reduction in net debt in 2026-2027, or 0.8% of GDP.

Net financial liabilities will replace net debt under a new accounting standard

A new accounting standard (Section *PS 1202 – Financial Statement Presentation*) relating to the presentation of financial statements will come into force on April 1, 2026. The adjustment relates to a liability item called deferred revenue.

This standard requires liabilities to be presented in two categories: financial liabilities and non-financial liabilities. Such a categorization makes it possible to specify the net debt indicator, which will be replaced by net financial liabilities. This indicator will correspond to the difference between financial liabilities and financial assets. Financial liabilities are those that will require cash outflows to settle them. Non-financial liabilities, which will be excluded from the calculation, consist of deferred revenue,¹ such as amounts received from the federal government for the construction of infrastructure belonging to the Québec government that must remain in service for a specified period. They are estimated at \$5.6 billion (0.8% of GDP) in 2026-2027.

Net debt reduction targets will now relate to net financial liabilities. An amendment to the *Act to reduce the debt and establish the Generations Fund* will be proposed in this regard.

Furthermore, the coming into force of this new standard will have no impact on the budgetary balance. In addition, the accumulated deficit will be renamed “net liabilities,” but its calculation will remain the same. Lastly, gross debt will continue to be calculated in the same way.

¹ Deferred revenue comprises amounts received by the government for which it has not performed the agreed-upon actions required for such amounts to be recognized as revenue (for example, under a Canada-Québec agreement). In the statement of financial position, deferred revenue is presented in liabilities.

Net capital investments

Net capital investments consist of the government's gross investments minus depreciation expenses.

Even though gross investments have an impact on debt, net capital investments are presented in the factors responsible for the change in the debt due to the fact that depreciation expenses are included in the accounting balance.

From 2026-2027 to 2030-2031, net capital investments will contribute to increasing net debt by \$7.1 billion per year on average.

These investments are included in the 2026-2036 Québec Infrastructure Plan, which has been increased to \$167.0 billion in this budget.

Net capital investments

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
Gross investments ⁽¹⁾	13 956	14 934	15 133	13 751	12 485	12 395
Less: Depreciation ⁽²⁾	-5 851	-6 144	-6 439	-6 704	-6 941	-7 173
TOTAL	8 105	8 790	8 694	7 047	5 544	5 222

(1) These investments exclude the Québec government's contribution to the projects of partners (e.g. municipalities), whereas this contribution is included in the annual investments of the Québec Infrastructure Plan and portfolio expenditures.

(2) Depreciation is included in portfolio expenditures.

□ Net debt burden will resume a downward trajectory

The net debt burden will stand at 38.8% of GDP as at March 31, 2026. This is lower than the pre-pandemic level, which was 42.9% as at March 31, 2019. As at March 31, 2021, during the pandemic, net debt stood at 43.1% of GDP.

This reduction in indebtedness was achieved against a backdrop of a pandemic, heightened geopolitical tensions caused, among other things, by Russia's invasion of Ukraine, and a trade dispute with the United States.

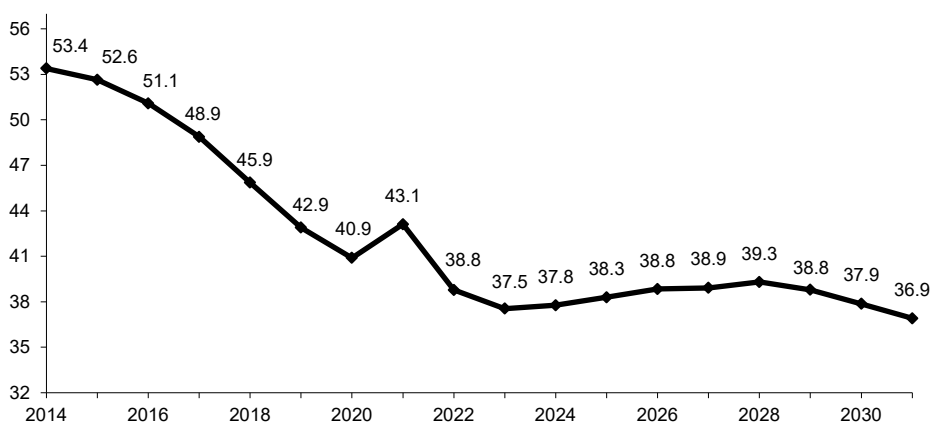
Net debt to GDP will increase until 2027-2028, due in particular to the significant investments in public infrastructure needed to stimulate economic growth in a context of trade tensions with the United States. It will then fall back to 36.9% of GDP as at March 31, 2031. This will be much lower than the peak reached in 2013-2014, at 53.4% of GDP.

— It should be noted that net debt to GDP will stand at 39.3% as at March 31, 2028, whereas a ratio of 41.9% was forecast in Budget 2025-2026 for that same year.

The government aims to reduce net debt to GDP to 35.5% by 2032-2033 and to 32.5% by 2037-2038.

CHART G.2

Net debt as at March 31 (percentage of GDP)



Note: As of April 1, 2026, the concept of net debt will be replaced by that of net financial liabilities due to the coming into force of the new accounting standard on financial statement presentation.

❑ The net debt burden is lower than it was as at March 31, 2019

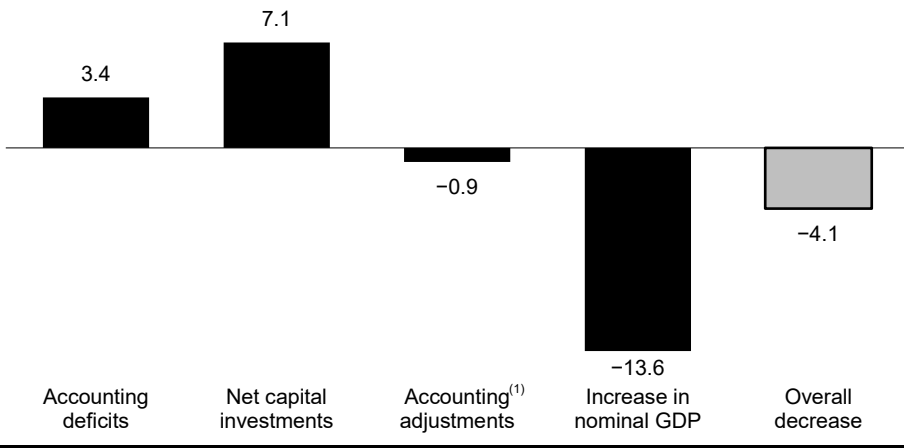
As at March 31, 2026, net debt will stand at 38.8% of GDP, compared to 42.9% as at March 31, 2019. Over the last seven years, net debt to GDP will thus have fallen 4.1 percentage points despite the pandemic, major investments in public infrastructure and reinvestment in public services, notably to improve working conditions for public and parapublic sector employees. The decrease in the net debt burden is largely explained by strong nominal economic growth during this period.

More specifically, from March 31, 2019 to March 31, 2026:

- deficits resulted in a 3.4-percentage-point increase in the net debt burden;
- net capital investments resulted in a 7.1-percentage-point increase in the net debt burden;
- the increase in nominal GDP resulted in a 13.6-percentage-point decrease in the net debt burden.

CHART G.3

Factors responsible for the change in the government's net debt from 2019 to 2026 (percentage of GDP)



Note: Totals may not add due to rounding.

(1) For example, revaluation gains related to government enterprises.

□ Downward adjustment to net debt since the March 2025 budget

For each year of the financial framework, the projected net debt is lower than it was in March 2025. This is due to smaller deficits from 2024-2025 to 2026-2027 and the new accounting standard on financial statement presentation, which will result in lower net debt as of 2026-2027. The level of GDP is also higher, which helps reduce the net debt burden.

Net debt is lower despite the higher investments in public infrastructure announced in this budget.

TABLE G.3

Adjustments to net debt as at March 31 since the March 2025 budget

(millions of dollars, unless otherwise indicated)

	2026	2027	2028	2029	2030
March 2026	250 289	259 509	271 141	276 806	279 304
<i>% of GDP</i>	38.8	38.9	39.3	38.8	37.9
March 2025	255 003	270 435	282 588	286 431	288 149
<i>% of GDP</i>	40.4	41.5	41.9	41.0	39.8
Adjustments	-4 714	-10 926	-11 447	-9 625	-8 845
<i>% of GDP</i>	-1.6	-2.6	-2.6	-2.2	-1.9

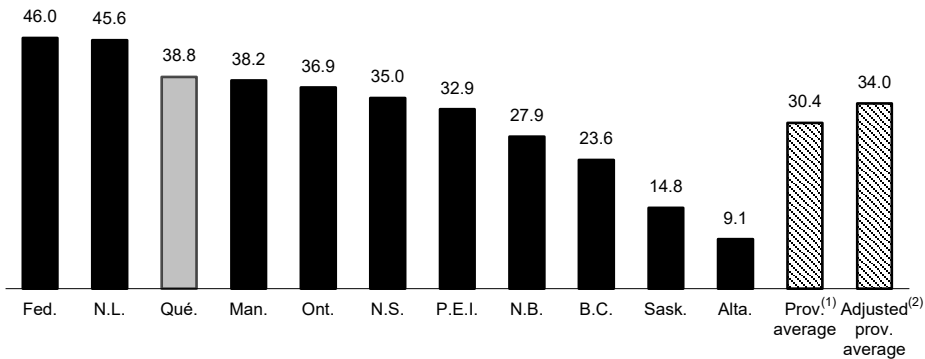
❑ Comparison of the net debt of governments in Canada

As at March 31, 2026, Québec's net debt burden will stand at 38.8% of GDP, compared to the provincial average of 30.4%.² The government aims to reduce net debt to GDP to 32.5% by 2037-2038.

Over the period covered by its financial framework, Québec expects its net debt to GDP to decline, while other provinces expect their indebtedness to increase.

CHART G.4

Net debt of governments in Canada as at March 31, 2026 (percentage of GDP)



(1) GDP-weighted average.

(2) GDP-weighted average excluding the least indebted province, Alberta, and the most indebted province, Newfoundland and Labrador.

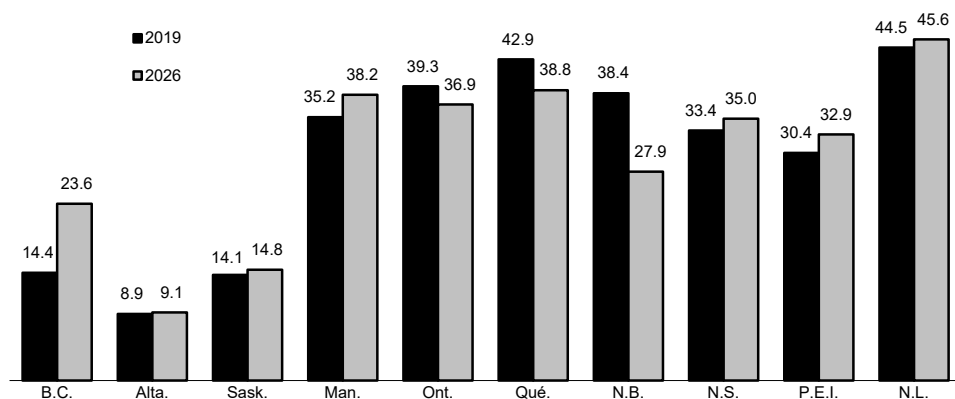
Sources: Governments' budget documents and Statistics Canada.

² The provincial average was 28.9% as at March 31, 2025.

Quebec is one of the only provinces, along with Ontario and New Brunswick, to have reduced its debt since 2019.

GRAPHIQUE G.5

**Changes in the net debt burden of Canada's provinces
between March 31, 2019 and March 31, 2026**
(percentage of GDP)



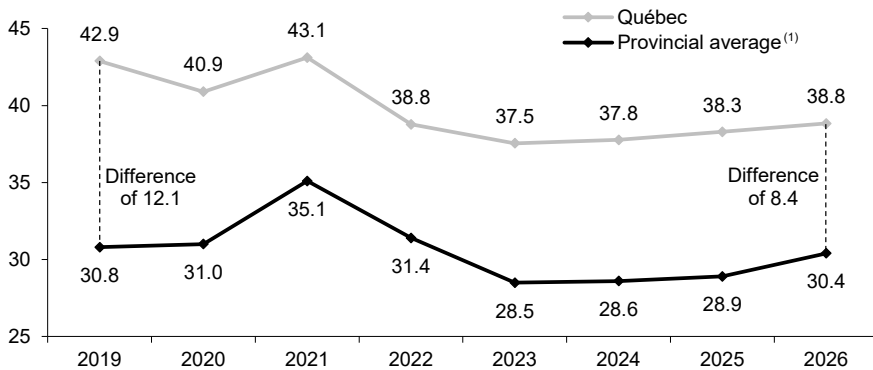
Sources: Governments' public accounts, budget documents and Statistics Canada.

Average debt ratio of the provinces is increasing

The average debt ratio of the provinces is currently increasing. While the average net debt to GDP of the provinces stood at 28.5% as at March 31, 2023, it is projected to rise to 30.4% of GDP as at March 31, 2026, representing an increase of 1.9 percentage points. Québec's net debt to GDP is following the same trend, but to a lesser extent. From 2023 to 2026, it rose from 37.5% to 38.8%, an increase of 1.3 percentage points.

The gap between Québec and the provincial average is currently smaller than it was in 2019.

Comparison of Québec's net debt with the provincial average as at March 31 (percentage of GDP and percentage points)



(1) GDP-weighted average.

Sources: Governments' public accounts, budget documents and Statistics Canada.

This increase in indebtedness can also be seen worldwide. For advanced economies, the IMF estimated in October 2025¹ that average gross debt had risen from 109.3% of GDP in 2022 to 110.2% in 2025 and that it would continue to increase. The IMF expects it to reach 118.5% of GDP in 2030.²

The deterioration in public finances, both in Canada and worldwide, is occurring against a backdrop of moderate economic growth and rising borrowing costs for governments, following a period of low interest rates. Population aging in advanced economies is also putting pressure on public finances.

In this regard, the provinces are facing significant pressures in the health sector, but also in the proper maintenance of infrastructure, which, in the case Québec, was often built in the 1960s and 1970s, or even earlier, especially regarding hospitals.

It is in this context that Québec, like the other provinces, is requesting additional federal transfers for health and infrastructure.

1 IMF Fiscal Monitor, October 2025.

2 According to the IMF, gross debt corresponds to all liabilities of public administrations, except for commitments related to pension plans. It cannot be compared to the Québec government's concept of gross debt.

1.3 Gross debt

Gross debt corresponds to the amount of debt contracted on financial markets (direct debt) plus the net liability for the pension plans and other future benefits of public and parapublic sector employees, minus the balance of the Generations Fund.

The gross debt burden will stand at 42.3% of GDP as at March 31, 2026. This is below the target for reducing gross debt to 45% of GDP by 2025-2026 that had been set in 2010.

Due in particular to significant investments in public infrastructure, needed to stimulate economic growth in a context of trade tensions with the United States, gross debt to GDP is expected to increase by 2027-2028. The gross debt burden will subsequently decline.

Furthermore, as of 2027-2028, sums accumulated to pay the retirement benefits of government employees are projected to exceed the government's liability in this regard. In the coming years, the government can thus plan for an increase in the amount withdrawn annually from the Retirement Plans Sinking Fund to provide for the retirement benefits of government employees. Annual withdrawals of \$2.5 billion are currently forecast.

As of 2026-2027, a steady increase in the Generations Fund is also forecast. The balance of this fund will be \$29.1 billion as at March 31, 2031.

TABLE G.4

Gross debt as at March 31

(millions of dollars, unless otherwise indicated)

	2025	2026	2027	2028	2029	2030	2031
Direct debt	269 519	286 964	307 570	325 369	339 573	350 288	360 771
Plus: Pension plans and other employee future benefits ⁽¹⁾	3 335	2 324	798	-946	-3 419	-6 557	-10 192
Less: Generations Fund	-16 855	-16 644	-18 323	-20 814	-23 430	-26 210	-29 128
GROSS DEBT	255 999	272 644	290 045	303 609	312 724	317 521	321 451
% of GDP	41.5	42.3	43.5	44.0	43.8	43.0	42.2

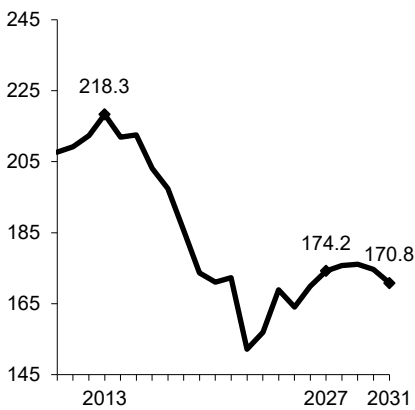
(1) A positive entry represents a net liability while a negative entry represents a net asset.

The proportion of revenue dedicated to debt service will remain at historically low levels

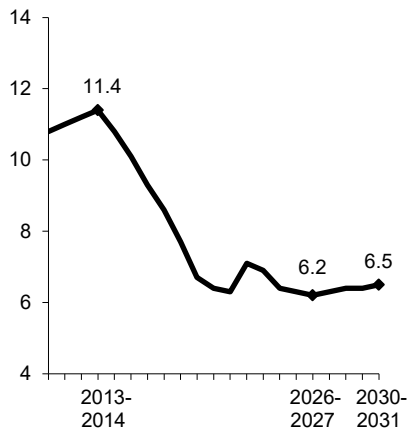
Gross debt and debt service as proportions of revenue are two key financial indicators monitored by credit rating agencies. Debt service as a proportion of revenue, which will stand at 6.2% in 2026-2027, is expected to increase in future years. However, it will remain well below the level reached in the early 2010s.

Debt service will stand at \$10.3 billion in 2026-2027. This is the fourth-largest expenditure item after health and social services, education and higher education.

Gross debt as at March 31
(percentage of revenue)



Debt service
(percentage of revenue)



The uncertain economic situation, the evolution of interest rates and the high level of debt require prudence and the sound management of public finances, because higher-than-anticipated interest rates would have a substantial impact on the financial framework.

Interest rates 1 percentage point higher than expected for a full year would increase interest expenditure by \$654 million in the first year, \$1.8 billion in the fifth year and \$2.6 billion in the tenth year.

The impact is increasing, as only a portion of the debt is refinanced each year. The average maturity of the debt was 11 years as at March 31, 2025.

Impact on interest expenditure of a 1-percentage-point rise in interest rates
(millions of dollars)

	1st year	2nd year	3rd year	4th year	5th year
Impact	654	1 016	1 293	1 548	1 787

TABLE G.5

Factors responsible for the change in gross debt

(millions of dollars, unless otherwise indicated)

	Debt, beginning of year	Accounting deficit (surplus)⁽¹⁾	Investments, loans and advances	Net capital investments	Other factors⁽²⁾	Total change	Debt, end of year	% of GDP
2024-2025	245 832	5 175	2 205	9 888	-7 101	10 167	255 999	41.5
2025-2026	255 999	7 655	2 690	8 105	-1 805	16 645	272 644	42.3
2026-2027	272 644	6 265	2 554	8 790	-208	17 401	290 045	43.5
2027-2028	290 045	3 204	1 791	8 694	-125	13 564	303 609	44.0
2028-2029	303 609	-1 116	2 766	7 047	418	9 115	312 724	43.8
2029-2030	312 724	-2 780	2 271	5 544	-238	4 797	317 521	43.0
2030-2031	317 521	-2 918	2 973	5 222	-1 347	3 930	321 451	42.2

(1) From 2027-2028 to 2030-2031, the accounting balance includes the gap to be bridged.

(2) The decrease in gross debt in 2024-2025 and 2025-2026 is notably due to the disposition of temporary investments acquired prior to 2024-2025. Other factors in 2026-2027 include a \$1.8-billion deposit in the Generations Fund to reduce gross debt and taken from the cumulative surplus of the Electrification and Climate Change Fund.

Investments, loans and advances

The government makes investments, in the form of investments, loans and advances, in private businesses, in particular through the Economic Development Fund, as well as in state-owned enterprises.

A state-owned enterprise may be authorized to keep part of its net earnings.

- For example, Hydro-Québec pays the government an annual dividend corresponding to 75% of its net earnings. Hydro-Québec uses the portion of net earnings not paid to the government (25%) to finance its requirements.

For the government, this constitutes an investment that creates a financial requirement and thus an increase in gross debt.

1.4 Debt representing accumulated deficits

Debt representing accumulated deficits corresponds to the difference between the government's assets and liabilities. It is the debt that does not correspond to any assets. The federal government uses this concept to present the changes in its debt.

As at March 31, 2026, the debt representing Québec's accumulated deficits will stand at \$130.4 billion, or 20.2% of GDP. This is above the target for reducing the debt representing accumulated deficits to 17% of GDP by 2025-2026 that had been set in 2010.

— This target will not be met, in particular due to accounting changes. One of these concerns the change in the application of the accounting standard respecting transfer payments, which resulted in an increase in debt representing accumulated deficits of \$13.0 billion, or 2.9 percentage points of GDP, as at March 31, 2021. The government made this change in 2021, in accordance with the recommendation of the Auditor General of Québec in this regard.

Due to budgetary deficits, the debt burden representing accumulated deficits will increase until 2026-2027. It will then decrease to stand at 17.3% of GDP as at March 31, 2031.

TABLE G.6

Factors responsible for the change in debt representing accumulated deficits (millions of dollars, unless otherwise indicated)

	Debt, beginning of year	Accounting deficit (surplus) ⁽¹⁾	Accounting adjustments ⁽²⁾	Total change	Debt, end of year	% of GDP
2024-2025	118 305	5 175	932	6 107	124 412	20.2
2025-2026	124 412	7 655	-1 634	6 021	130 433	20.2
2026-2027	130 433	6 265	-266	5 999	136 432	20.5
2027-2028	136 432	3 204	-266	2 938	139 370	20.2
2028-2029	139 370	-1 116	-266	-1 382	137 988	19.3
2029-2030	137 988	-2 780	-266	-3 046	134 942	18.3
2030-2031	134 942	-2 918	-266	-3 184	131 758	17.3

Note: As of April 1, 2026, the debt representing accumulated deficits will be renamed "net liabilities," due to the coming into force of the new accounting standard on financial statement presentation.

(1) From 2027-2028 to 2030-2031, the accounting balance includes the gap to be bridged.

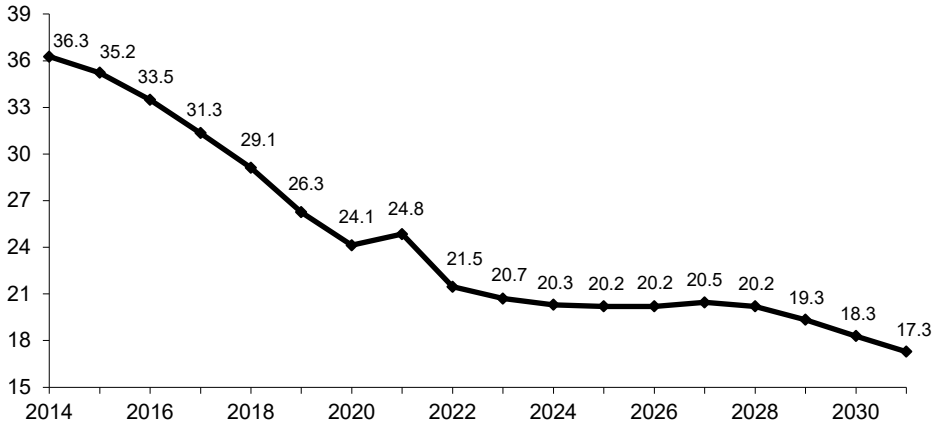
(2) Accounting adjustments include the impact of revaluation elements on debt representing accumulated deficits.

As at March 31, 2025, the increase in debt representing accumulated deficits is mainly due to revaluation losses related to derivative financial instruments. As at March 31, 2026, gains are expected instead, which will generate a reduction in the debt representing accumulated deficits. These variations will have no permanent effect on debt.

The debt burden representing accumulated deficits has fallen significantly since March 31, 2014, when it reached 36.3% of GDP. The projected level as at March 31, 2031, is 17.3% of GDP.

CHART G.6

Debt representing accumulated deficits as at March 31
(percentage of GDP)



Québec's public sector debt

The public sector debt includes the government's gross debt, the debt of Hydro-Québec, the debt of municipalities as well as the debt of universities other than the Université du Québec and its constituents. This debt has served, in particular, to fund public infrastructure, such as roads, schools, hospitals, hydroelectric dams and water treatment plants.

As at March 31, 2026, Québec's public sector debt will stand at \$375.0 billion, or 58.2% of GDP. These figures must, however, be seen in perspective, for they do not take into account the economic value of certain assets held by the government, such as Hydro-Québec, the Société des alcools du Québec and Loto-Québec.

Public sector debt as at March 31

(millions of dollars, unless otherwise indicated)

	2022	2023	2024	2025	2026
Government's gross debt	211 198	226 344	245 832	255 999	272 644
Hydro-Québec	46 225	49 438	53 537	57 835	64 572
Municipalities	31 263	30 952	32 414	33 830	36 200
Universities other than the Université du Québec and its constituents	1 379	1 463	1 519	1 564	1 564
PUBLIC SECTOR DEBT	290 065	308 197	333 302	349 228	374 980
% of GDP	57.2	55.4	57.2	56.6	58.2

1.5 The debt reduction objective and the Generations Fund

□ Debt reduction targets

Québec has made notable progress in reducing its debt load in recent decades.

The *Act to reduce the debt and establish the Generations Fund* was adopted in 2006. By reducing the debt burden, it aims to ensure the long-term financing of the government's main missions as well as a prosperous tomorrow for future generations.

As of 2010, the Act stated that, for fiscal 2025-2026, the gross debt must not exceed 45% of GDP, while the debt representing accumulated deficits must not exceed 17% of GDP. These objectives were set following the 2008 financial crisis and changes to government accounting, which made it impossible to reach the targets established in 2006.

In March 2023, the government announced the replacement of these targets by net debt reduction targets, which were confirmed in December 2023 in the *Act to reduce the debt and establish the Generations Fund*.

— Unlike for gross debt, financial assets that will ultimately be used to reduce debt on financial markets are subtracted from net debt.³ As at March 31, 2026, net debt to GDP is expected to stand at 38.8%, compared to 42.3% for gross debt.

In the March 2025 budget, an adjustment to the debt reduction targets was announced due to changes in the budgetary situation and the economic context since the March 2023 budget.

— The target for reducing net debt to GDP by 2032-2033 was adjusted from 33.0% to 35.5% and the target for reducing net debt to GDP by 2037-2038 was adjusted from 30.0% to 32.5%. Given the difficulty of forecasting how the economy will change over the long term, the government is continuing to provide an interval for these two targets.

TABLE G.7

Debt reduction targets announced in the March 2025 budget

Net debt by 2032-2033 (intermediate target)	35.5% of GDP (±2.5% of GDP)
Net debt by 2037-2038	32.5% of GDP (±2.5% of GDP)

³ However, the Generations Fund is also subtracted from gross debt.

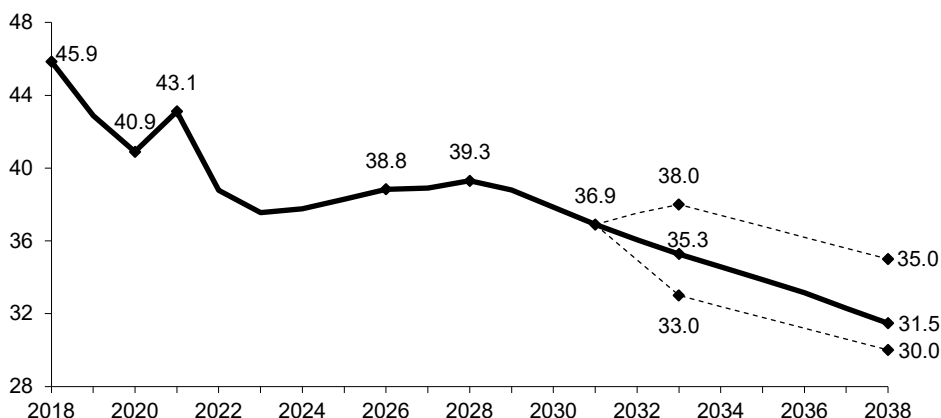
The Ministère des Finances conducts detailed five-year debt forecasts. For information purposes, a projection of the net debt-to-GDP ratio is carried out up to 2037-2038.

Based on this projection, it is expected that:

- net debt to GDP will stand at 35.3% as at March 31, 2033, below the maximum limit of 38.0% of GDP;
- net debt to GDP will stand at 31.5% as at March 31, 2038, below the maximum limit of 35.0% of GDP.

CHART G.7

Net debt projection as at March 31 (percentage of GDP)



Notes: The dotted lines represent the interval established by the government.

As of April 1, 2026, the concept of net debt will be replaced by that of net financial liabilities due to the coming into force of the new accounting standard on financial statement presentation.

The sustainability of public finances is usually reflected in long-term debt growth that is equivalent to or lower than economic growth.

The Québec government expects a gradual reduction in net debt to GDP as of 2028-2029 and the achievement of debt reduction targets in 2033 and 2038.

This gradual reduction in net debt to GDP will be achieved by maintaining a balanced budget, following deposits of dedicated revenues in the Generations Fund, as of 2029-2030. Annual investments in public infrastructure will also need to stabilize after a period marked by historic investment levels. It should be noted that stronger-than-anticipated economic growth could enable the government to both invest more on behalf of its citizens and accelerate the reduction of the net debt burden.

❑ **The benefits of reducing the debt burden**

Reducing the debt burden contributes to economic growth by creating a climate of confidence conducive to private investment and higher productivity.

In addition to supporting collective prosperity and contributing to the sustainability of public finances, reducing the debt burden will allow Québec to:

- contribute to intergenerational equity;
- ensure stable funding for the government's main missions, including health and education;
- cope with the costs associated with an aging population;
- implement measures to fight climate change;
- continue to fund substantial investments in public infrastructure;
- ease the tax burden on Quebecers;
- address a new recession or deal with a prolonged period of economic uncertainty;
- increase its financial autonomy within the federation.

The Generations Fund: an effective and transparent tool for reducing debt for the last 20 years

The Generations Fund, the implementation of which was announced in Budget 2006-2007, was established in 2006 with the adoption of the *Act to reduce the debt and establish the Generations Fund*. Since its creation, more than \$37 billion has been deposited into it.¹

The Generations Fund is an effective and transparent tool that the Québec government adopted to achieve its debt reduction targets. It allows Quebecers to easily identify the amounts allocated each year by the government to reduce debt.

- The government has chosen to spread debt reduction efforts over several years so as not to harm the economy and to respect taxpayers' ability to pay.

After 20 years of existence, the Generations Fund has proven that the government's strategy has paid off. The debt burden is now much lower than it was in the early 2010s. The amounts allocated annually to the Generations Fund are deposited with the Caisse de dépôt et placement du Québec. The returns generated help accelerate the reduction of the debt burden.

- From 2007 to 2025, the average return was 6.1%, compared to an average cost of new borrowing of 3.2%, resulting in a difference of 2.9 percentage points.

In addition, the Generations Fund contributes positively to Québec's credit quality and helps maintain Québec's access to capital markets in Canada and abroad.

The government intends to continue making annual deposits in the Generations Fund.

¹ Payments from 2006-2007 to 2025-2026. The balance of the Generations Fund as at March 31, 2026 is lower than the total amount that has been deposited into it, due to withdrawals made over the years to repay maturing borrowings.

❑ Deposits in the Generations Fund

Since 2006, the Generations Fund has been an important pillar of the debt reduction strategy.

Three sources of revenue are dedicated to the Generations Fund:

- water-power royalties, which are paid by Hydro-Québec and private hydroelectricity producers;⁴
- an additional contribution from Hydro-Québec, set at \$650 million per year, taken from the dividend paid by Hydro-Québec to the government;
- income generated by the investment of the sums making up the Generations Fund.

In 2026-2027, revenues dedicated to the Generations Fund will stand at \$2.3 billion. They will rise to \$2.9 billion in 2030-2031 and \$4.1 billion in 2037-2038.

As announced in the November 2025 update, an additional deposit in the Generations Fund will be made in 2026-2027. It will correspond to the cumulative surplus of the Electrification and Climate Change Fund as at March 31, 2026, estimated at \$1.8 billion. The decrease in gross debt resulting from this deposit will contribute to intergenerational fairness with a view to ensuring the sustainability of public finances. Deposits in the Generations Fund will therefore total \$4.2 billion in 2026-2027.

Legislative provisions were proposed in this regard by the government in Bill 7, *An Act to reduce bureaucracy, increase state efficiency and reinforce the accountability of senior public servants*, which was tabled in the National Assembly on November 5, 2025.

Withdrawals from the Generations Fund to repay borrowings stood at \$2.5 billion in 2025-2026. Withdrawals of \$2.5 billion are also planned in 2026-2027.

These withdrawals serve to reduce the amounts allocated to the financing program and alleviate debt servicing.

⁴ Under the *Watercourses Act* (CQLR, chapter R-13), every holder of hydraulic powers in Québec is required to pay royalties that are adjusted based on the amount of electricity generated.

TABLE G.8

Generations Fund

(millions of dollars, unless otherwise indicated)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
Book value, beginning of year⁽¹⁾	16 855	16 644	18 323	20 814	23 430	26 210
Dedicated revenues						
Water-power royalties						
Hydro-Québec	750	829	886	898	942	955
Private producers	120	126	127	130	133	136
Subtotal	870	955	1 013	1 028	1 075	1 091
Additional contribution from Hydro-Québec	650	650	650	650	650	650
Investment income ⁽²⁾	769 ⁽³⁾	742	828	938	1 055	1 177
Total dedicated revenues	2 289	2 347	2 491	2 616	2 780	2 918
Deposit from the Electrification and Climate Change Fund	—	1 832	—	—	—	—
Total deposits	2 289	4 179	2 491	2 616	2 780	2 918
Use of the Generations Fund to repay borrowings	-2 500	-2 500	—	—	—	—
Book value, end of year	16 644	18 323	20 814	23 430	26 210	29 128
% of net debt	6.6	7.1	7.7	8.5	9.4	10.4
% of GDP	2.6	2.7	3.0	3.3	3.6	3.8

(1) For information purposes, as at December 31, 2025, the fair value of the Generations Fund was \$20.1 billion, \$4.0 billion more than its book value, which is the value deducted from the debt. Like the book value, the fair value includes accounts receivable (\$0.5 billion as at December 31, 2025).

(2) The investment income of the Generations Fund corresponds to realized investment income (interest income, dividends, gains on disposal of assets, etc.). Therefore, the forecast may be adjusted upward or downward according to when the gains or losses are actually realized. An accounting annual return of 4.4% is expected, corresponding to the historical average.

(3) The higher investment income in 2025-2026 is due to investment income realized following the integration of the Otéra subsidiary by the Caisse de dépôt et placement du Québec.

Returns of the Generations Fund

The amounts allocated annually to the Generations Fund are deposited with the Caisse de dépôt et placement du Québec. The returns generated help reduce the debt burden.

- From 2007 to 2025, the average return was 6.1%, compared to an average cost of new borrowing of 3.2%, resulting in a difference of 2.9 percentage points.
- In 2025, the difference stood at 6.5 percentage points.

Comparison of the Generations Fund's annual return and the Québec government's borrowing costs

(per cent, unless otherwise indicated, on a calendar year basis)

	Rate of return of the Generations Fund	Cost of new borrowings ⁽¹⁾	<i>Difference</i> <i>(percentage points)</i>
2007	5.6	4.7	0.9
2008	-22.4	4.5	-26.9
2009	11.3	4.4	6.9
2010	12.3	4.1	8.2
2011	4.0	3.7	0.3
2012	8.4	3.0	5.4
2013	12.0	3.3	8.7
2014	11.7	3.2	8.5
2015	8.1	2.4	5.7
2016	7.3	2.2	5.1
2017	8.5	2.5	6.0
2018	4.4	2.9	1.5
2019	9.5	2.3	7.2
2020	7.0	1.5	5.5
2021	11.4	1.9	9.5
2022	-7.9	3.5	-11.4
2023	9.3	4.1	5.2
2024	10.4	4.1	6.3
2025	10.4	3.9	6.5

(1) The government's borrowing costs correspond to the yield on 10-year maturity Québec bonds.
Source: PC-Bond for the yield on 10-year maturity Québec bonds.

2. FINANCING

2.1 Financing program

The financing program consists of long-term borrowings contracted during the fiscal year. The program is used to, among other things, repay maturing borrowings and meet net financial requirements. The latter include, notably, the budgetary deficit as well as the government's capital investments.

For 2025-2026, the program stands at \$32.1 billion, which is \$2.4 billion more than projected in the March 2025 budget.

This adjustment is primarily due to pre-financing carried out in 2025-2026 and an increase in repayments of borrowings. These elements are partially offset by a reduction in net financial requirements, an increase in the use of pre-financing and an increase in the balance of transactions under the credit policy.

As at March 6, 2026, the financing program is completed for 2025-2026, and \$9.3 billion in pre-financing has been carried out for 2026-2027.

TABLE G.9

Government's financing program in 2025-2026

(millions of dollars)

	March 2025	Adjustments	March 2026
Net financial requirements	29 084	-4 338	24 746
Repayments of borrowings	16 899	2 096	18 995
Use of the Generations Fund to repay borrowings	-2 500	—	-2 500
Withdrawal from the Accumulated Sick Leave Fund	—	-180	-180
Withdrawal from the Retirement Plans Sinking Fund	-2 500	—	-2 500
Use of pre-financing	-9 322	-3 430	-12 752
Transactions under the credit policy ⁽¹⁾	—	-1 014	-1 014
Increase in the outstanding amount of Québec Treasury bills	-2 000	—	-2 000
Pre-financing	—	9 264	9 264
TOTAL	29 661	2 398	32 058

Notes: A negative entry indicates a source of financing and a positive entry, a financial requirement.

Totals may not add due to rounding.

(1) Under the credit policy, which is designed to limit counterparty risk, the government disburses or receives sums in response to exchange rate movements, among other things. These sums do not affect the debt.

The financing program will stand at \$26.2 billion in 2026-2027.

For the four subsequent years, from 2027-2028 to 2030-2031, it will average \$31.1 billion.

TABLE G.10

Government's financing program from 2026-2027 to 2030-2031
(millions of dollars)

	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
Net financial requirements	26 040	20 799	17 217	13 638	13 390
Repayments of borrowings	14 448	13 143	14 535	17 727	23 958
Use of the Generations Fund to repay borrowings	-2 500	—	—	—	—
Withdrawal from the Retirement Plans Sinking Fund	-2 500	-2 500	-2 500	-2 500	-2 500
Use of pre-financing	-9 264	—	—	—	—
TOTAL	26 224	31 442	29 252	28 865	34 848

Note: A negative entry indicates a source of financing and a positive entry, a financial requirement.

2.2 Borrowings contracted in 2025-2026

The government aims to achieve stable financing at the lowest possible cost. To that end, it applies a strategy of diversifying sources of funding by market, financial instrument and maturity.

As at March 6, 2026, 47% of the borrowings contracted by the government in 2025-2026 were made on foreign markets, compared to an average of 31% over the past 10 years. In January 2026, Québec carried out its largest bond issue in any currency. A borrowing of US\$4.5 billion (C\$6.2 billion) with a five-year maturity was issued at a cost equivalent to that of issues on the Canadian market. It was also the largest foreign currency issue by a province at the time. Québec plans to continue to take advantage of opportunities to issue on foreign markets.

In 2025-2026, conventional bonds in Canadian dollars are the main debt instrument used.

The average cost of borrowings contracted in 2025-2026 was 3.84% with an average maturity of borrowings of 13 years, while the cost of the entire debt was 3.69% with an average remaining maturity of 11 years as at March 31, 2025.

TABLE G.11

Summary of long-term borrowings contracted in 2025-2026

Currencies	\$million	%
CANADIAN DOLLAR		
Conventional bonds	15 186	47.4
Floating-rate notes	1 500	4.7
Savings products issued by Épargne Placements Québec	164	0.5
Immigrant investors ⁽¹⁾	4	—
Subtotal	16 854	52.6
OTHER CURRENCIES		
U.S. dollar	8 972	28.0
Euro	4 669	14.6
Australian dollar	798	2.5
Swiss franc	765	2.4
Subtotal	15 205	47.4
TOTAL	32 058	100.0

Notes: Borrowings contracted as at March 6, 2026.

Totals may not add due to rounding.

(1) These borrowings are from sums advanced by immigrant investors. These sums are lent to the government through Investissement Québec.

Funding of public bodies

The Financing Fund allows public bodies to obtain financing on favourable terms, namely the government borrowing rate, plus issuance and service fees.

The principle of pooled financing is applied: the government borrows on financial markets and advances funds to the Financing Fund. The Fund then uses these sums to grant loans to public bodies, notably for carrying out their investment projects.

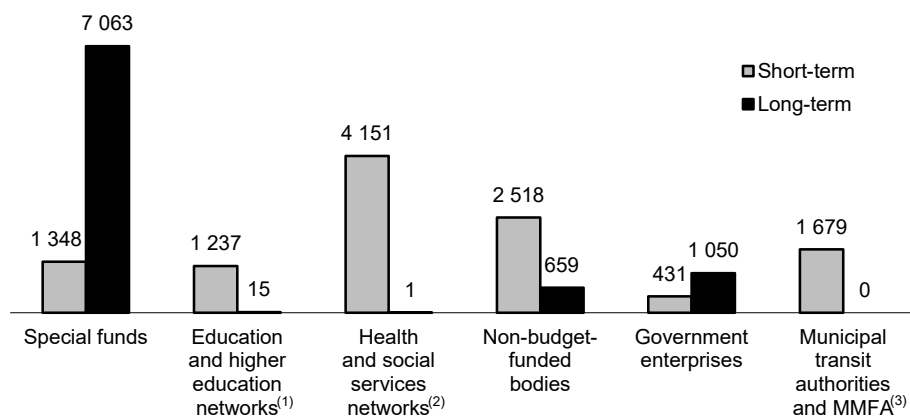
The clientele of the Financing Fund consists mainly of bodies in the education, higher education and health and social services networks, non-budget-funded bodies, government enterprises, special funds as well as certain bodies designated by the government.

In fiscal 2025-2026, the Financing Fund's short-term and long-term loan programs stand at \$11.4 billion and \$8.8 billion, respectively.

— These amounts are included in the government's net financial requirements.

Financing Fund's loan programs in 2025-2026

(millions of dollars)



Note: The short-term financing program represents the average outstanding amount of short-term loans, while the long-term financing program is presented on the basis of total loans issued for the year.

(1) This category includes school service centres, school boards, CEGEPs, the Université du Québec and its constituents, and private universities.

(2) This category includes facilities serving northern and Indigenous communities and Santé Québec.

(3) Montreal Museum of Fine Arts.

2.3 Debt management strategy

The government's debt management strategy aims to minimize the cost of debt while limiting the risks related to fluctuations in foreign exchange and interest rates.

The government uses a range of financial instruments, particularly interest rate and currency swap agreements (swaps), to achieve desired debt proportions by currency and interest rate.

□ Structure of debt by currency

As at March 31, 2026, before taking swaps into account, 74% of the debt is expected to be in Canadian dollars, 12% in U.S. dollars, 11% in euros, 1% in Australian dollars, 1% in pounds sterling, 1% in Swiss francs, and less than 1% in other foreign currencies (Swedish kronor, yen and New Zealand dollars).

After taking swaps into account, the entire debt is denominated in Canadian dollars.

The government maintains no exposure to foreign currencies of its debt issued on financial markets. This is done to neutralize the impact of exchange rate variations on debt service.

TABLE G.12

Expected structure of debt by currency as at March 31, 2026 (per cent)

	Before swaps	After swaps
Canadian dollar	74	100
U.S. dollar	12	—
Euro	11	—
Australian dollar	1	—
Pound sterling	1	—
Swiss franc	1	—
Other (Swedish krona, yen and New Zealand dollar)	— ⁽¹⁾	—
TOTAL	100	100

Notes: This is the debt issued on financial markets by the government.

Totals may not add due to rounding.

(1) The proportion of debt attributable to other currencies before swaps is less than 1%.

❑ Structure of debt by type of interest rate

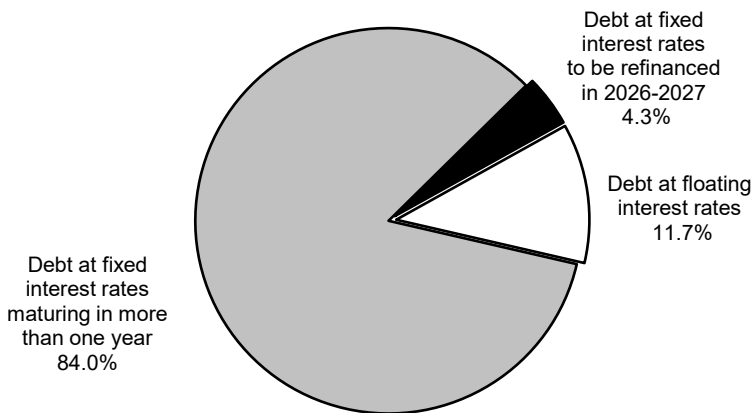
The government keeps part of its debt at fixed interest rates and part at floating interest rates.

As at March 31, 2026, after taking swaps into account, the share of debt subject to an interest rate change in 2026-2027 is expected to stand at 16.0%. This share includes debt at floating interest rates (11.7%) as well as debt at fixed interest rates to be refinanced in 2026-2027 (4.3%).

The proportion of debt at fixed interest rates is expected to be 88.3%, made up of 84.0% of debt maturing in more than one year and 4.3% of debt to be refinanced in 2026-2027.

CHART G.8

Expected structure of debt by type of interest rate as at March 31, 2026



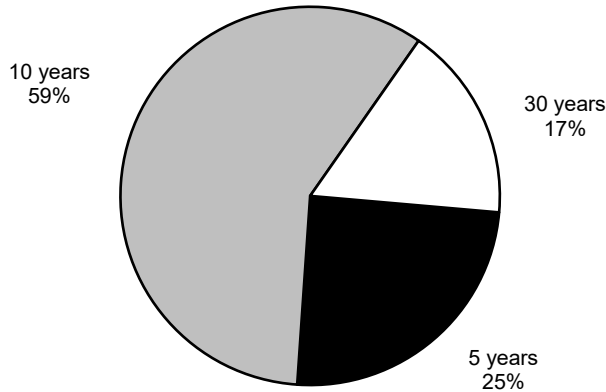
Notes: This is the debt issued on financial markets by the government.
Percentages may not total 100% due to rounding.

❑ Debt maturity

Maturities of new borrowings are distributed over time to ensure a stable refinancing profile as well as the government's regular presence on financial markets. To date, approximately 75% of the borrowings contracted in 2025-2026 had a maturity of 10 years or more. The average share of issues for these terms over the last 10 years represents 77%. The average maturity of borrowings in 2025-2026 is 13 years.

CHART G.9

Maturity of transactions carried out in 2025-2026

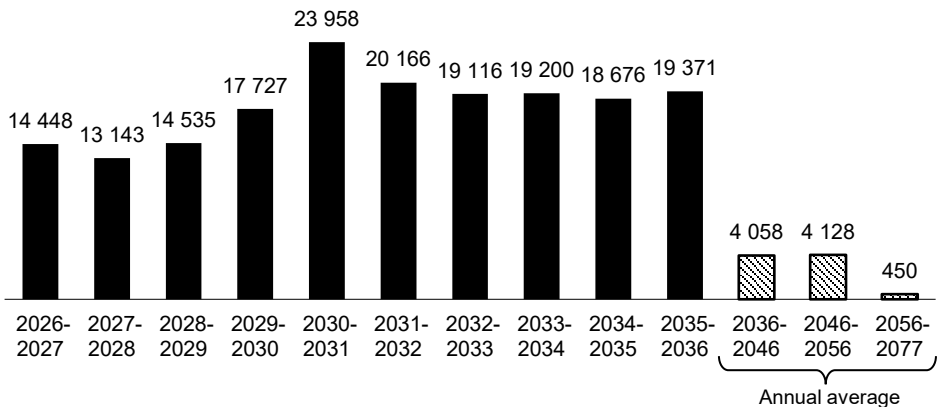


Notes: Borrowings contracted as at March 6, 2026.
Percentages may not total 100% due to rounding.

The diversification of borrowings by term is reflected on the debt maturity profile as shown in the following chart. As at March 31, 2026, the average maturity of the debt is expected to be 11 years.

CHART G.10

Expected maturity of long-term debt as at March 31, 2026 (millions of dollars)



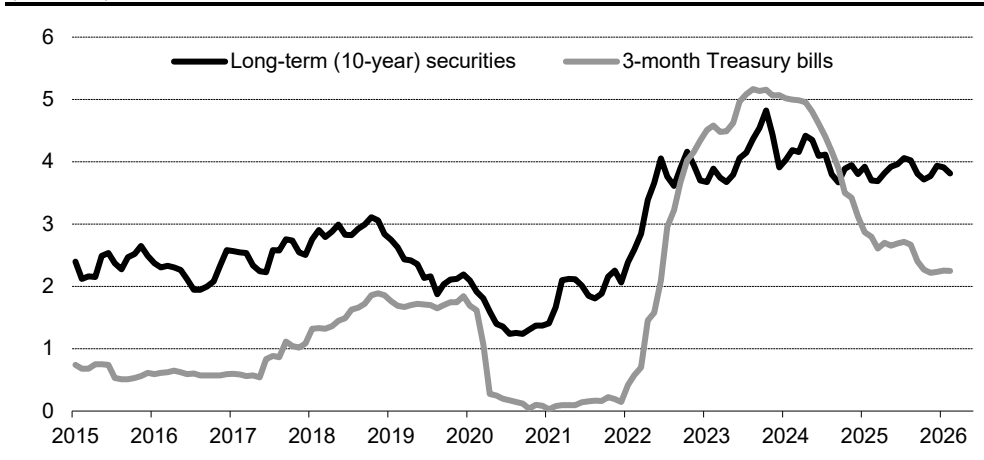
Note: This is the Québec government's long-term debt issued on financial markets, minus the balance of the Sinking Fund for Government Borrowing.

2.4 Yield on the Québec government's securities

In February 2026, the yield on 3-month Québec Treasury bills stands at 2.3%, its lowest level since June 2022. The yield on Québec 10-year securities stands at 3.8%, after reaching 4.8% in October 2023. The decline in yields in recent months reflects the gradual reduction in the Bank of Canada's policy rate since June 2024.

CHART G.11

Yield on the Québec government's securities
(per cent)

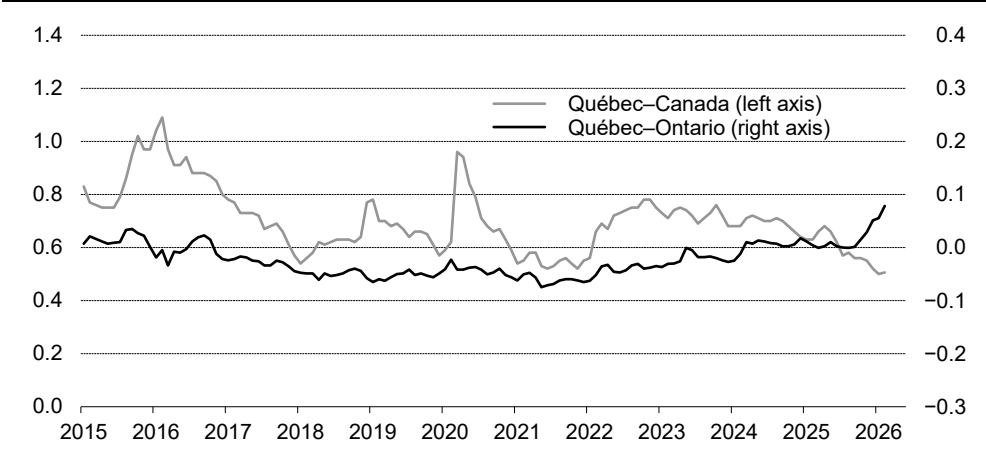


Sources: PC-Bond and Ministère des Finances du Québec.

In 2024, there was an increase in the spread between Québec and Ontario. At that point, the spread shifted from favourable for Québec to unfavourable. In fall 2025, there was a more pronounced increase in the spread. In February 2026, the spread was around 8 basis points.

CHART G.12

Yield spread on long-term (10-year) securities since 2015 (percentage points)

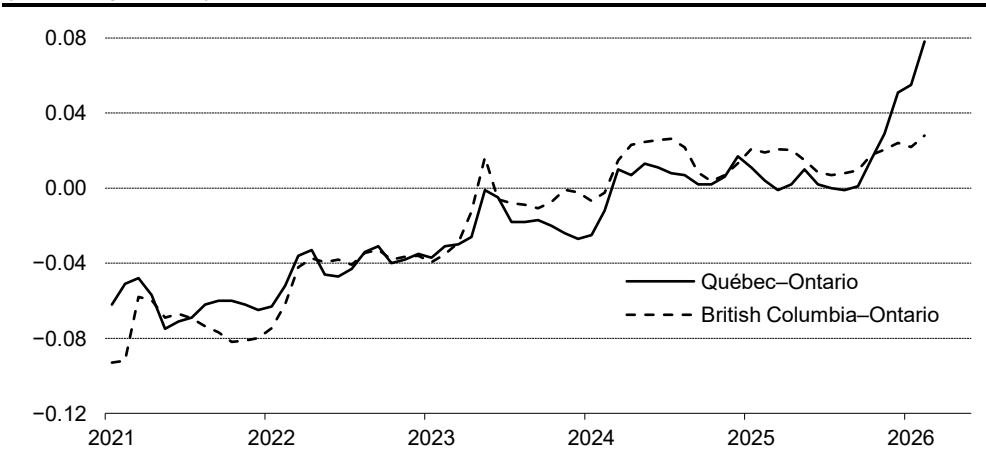


Sources: PC-Bond and Ministère des Finances du Québec.

The Québec–Ontario spread and the British Columbia–Ontario spread are trending upward. Since fall 2025, the Québec–Ontario spread has been deteriorating compared to the British Columbia–Ontario spread.

CHART G.13

Yield spread on long-term (10-year) securities since 2021 (percentage points)



Sources: PC-Bond and Ministère des Finances du Québec.

3. PENSION PLANS AND FUNDS DEPOSITED BY THE MINISTÈRE DES FINANCES WITH THE CAISSE DE DÉPÔT ET PLACEMENT DU QUÉBEC

3.1 Net liability for pension plans

The government covers its share of the funding of its employees' pension plans. These are defined-benefit plans.

In its financial statements, it discloses its pension obligations, which correspond to the present value of the retirement benefits that it will pay to its employees. These obligations are re-evaluated annually. The result is the pension plans liability.

Sums are accumulated in the Retirement Plans Sinking Fund (RPSF) and other funds to pay retirement benefits. The value of these assets is subtracted from the liability to measure the government's net commitment, called the net pension plans liability. This amount is included in the government's debt.

As at March 31, 2025, the net liability for pension plans and other employee future benefits stood at \$3.3 billion.

TABLE G.13

Net liability for pension plans and other employee future benefits as at March 31, 2025 (millions of dollars)

Liabilities	
Pension plan liability ⁽¹⁾	129 950
Other employee future benefits liability	1 281
Liability for pension plans and other employee future benefits	131 231
Assets	
Retirement Plans Sinking Fund (RPSF) and other funds ⁽²⁾	-126 550
Funds dedicated to other employee future benefits	-1 346
Asset for pension plans and other employee future benefits	-127 896
NET LIABILITY FOR PENSION PLANS AND OTHER EMPLOYEE FUTURE BENEFITS	3 335

(1) Mainly the Government and Public Employees Retirement Plan (RREGOP) and the Pension Plan of Management Personnel (PPMP).

(2) The value of the RPSF stands at \$119.5 billion. The other funds consist mainly of that of the Pension Plan of the Université du Québec. For the RPSF, this is the book value. For information purposes, as at December 31, 2025, the market value of the RPSF was \$131.2 billion.

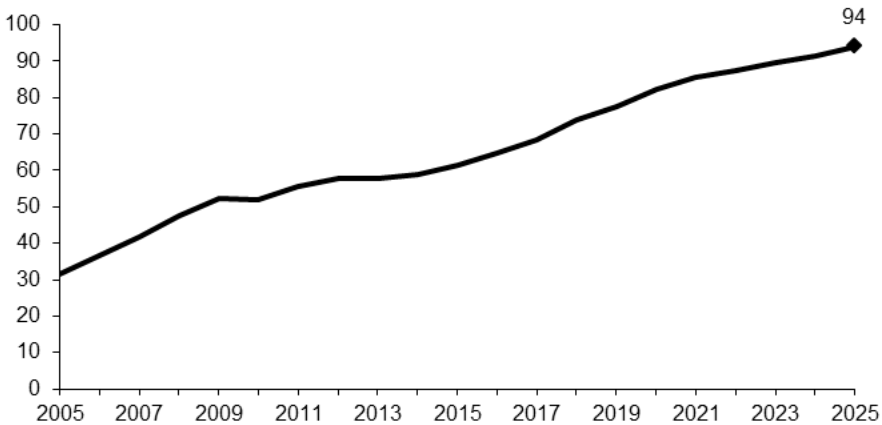
The Retirement Plans Sinking Fund in proportion to actuarial obligations

The Retirement Plans Sinking Fund (RPSF) was created by the Québec government in 1993. It is an asset that was established for the payment of retirement benefits of public and parapublic sector employees. In December 1999, as part of the agreement concluded for the renewal of its employees' collective agreements, the government had set the objective of ensuring that the book value of the sums accumulated in the RPSF would be equal, in 2020, to 70% of its actuarial obligations in respect of the pension plans of public and parapublic sector employees.

- The objective was reached as at March 31, 2018, that is, two years sooner than anticipated.
- As at March 31, 2025, the RPSF was equal to 94% of the actuarial obligations in respect of pension plans.

To provide for the payment of government employees' pension benefits, a first withdrawal from the RPSF of \$2.5 billion was made in 2024-2025. Further withdrawals of \$2.5 billion per year are planned between now and 2030-2031. These withdrawals contribute to reducing the amounts allocated to the financing program.

Book value of the RPSF in proportion to the government's actuarial obligations in respect of the pension plans of public and parapublic sector employees as at March 31 (per cent)



3.2 Returns on funds deposited with the Caisse de dépôt et placement du Québec

The main funds deposited by the Ministère des Finances with the Caisse de dépôt et placement du Québec (RPSF, Generations Fund and Accumulated Sick Leave Fund [ASLF]) are managed in accordance with investment policies established by the Ministère des Finances in cooperation with representatives of the Caisse.

These investment policies are established based on several factors, including 10-year return forecasts, standard deviations and correlations for various categories of assets, opportunities for investing in these assets and recommendations of the Caisse.

In 2025, the return on funds deposited by the Ministère des Finances with the Caisse was 8.9% for the RPSF, 10.4% for the Generations Fund and 8.9% for the ASLF.

- The results achieved by the Caisse in 2025 are mainly due to good returns on its investments in equity markets.
- The superior return for the Generations Fund can be explained by differences in its investment policy. The Generations Fund, by its very nature, holds more liquid investments such as publicly traded shares. However, this asset class achieved a high return in 2025.

The investment policies of these three funds are presented on page G.43.

TABLE G.14

2025 return on and market value of funds deposited by the Ministère des Finances with the Caisse de dépôt et placement du Québec

	Rate of return in 2025 (%)	Market value as at December 31, 2025 (\$billion)
Retirement Plans Sinking Fund (RPSF)	8.9	131.2
Generations Fund	10.4	19.5
Accumulated Sick Leave Fund (ASLF)	8.9	0.9

**Return of 9.3% for the Caisse de dépôt et placement du Québec
in 2025 and net assets of \$517 billion**

On February 25, 2026, the Caisse presented its financial results for the fiscal year ended December 31, 2025. The weighted average return on the funds of its 48 depositors is 9.3% over one year, compared to a benchmark portfolio return of 10.9%. This performance exceeds that achieved by the Ontario Teachers' Pension Plan (Teachers) and the Ontario Municipal Employees Retirement System (OMERS), which also released their results. These pension funds achieved a net return after fees of 6.7% and 6.0% respectively in 2025.

Over longer periods, which provide a better assessment of the performance of fund managers, the Caisse outperformed its benchmark portfolio: over five years, it achieved a return of 6.5%, compared to 6.2% for the benchmark portfolio; over ten years, it achieved a return of 7.2%, compared to 6.9% for the benchmark portfolio.

As at December 31, 2025, the net assets of the Caisse stood at \$517 billion, an increase of \$152 billion over five years, that is, compared to December 31, 2020.

Total assets in Québec stood at \$100.1 billion. The goal of \$100 billion in Québec was achieved a year earlier than expected.

The largest depositor, the Québec Pension Plan (QPP) base plan, Quebecers' nest egg, achieved a return of 9.8% in 2025. Over five years, its return, net of fees, of 7.5% is higher than that posted by the Canada Pension Plan base plan (7.3%).

❑ Comparison of investment policies

TABLE G.15

Investment policies as at January 1, 2026 (per cent)

Specialized portfolio	RPSF and ASLF	Generations Fund	Average benchmark portfolio of depositors as a whole ⁽¹⁾
Short-term investments	1.0	1.0	1.2
Rates ⁽²⁾	9.5	9.0	10.0
Credit ⁽³⁾	24.5	30.0	21.8
Total – Fixed Income	35.0	40.0	33.0
Infrastructure	14.25	10.0	13.2
Real estate	9.25	6.0	10.8
Total – Real Assets	23.5	16.0	24.0
Equity markets	25.5	35.0	28.0
Private equity	16.0	9.0	17.0
Total – Equities	41.5	44.0	45.0
Leverage product	—	—	-2.0
TOTAL	100.0	100.0	100.0

RPSF: Retirement Plans Sinking Fund.

ASLF: Accumulated Sick Leave Fund.

(1) Data as at December 31, 2024, drawn from the 2024 Annual Report of the Caisse de dépôt et placement du Québec.

(2) This portfolio consists of government bonds.

(3) Broader range of instruments with fixed income securities characteristics.

4. CREDIT RATINGS

4.1 Québec's credit ratings

A credit rating helps measure the ability of a borrower, such as the Québec government, to pay interest on its debt and repay the principal at maturity.

A high credit rating means access to a broader pool of investors and advantageous borrowing costs.

Québec's credit rating is evaluated by five credit rating agencies. The five agencies assign a stable outlook to Québec's credit rating.

TABLE G.16

Québec's credit ratings

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

Note: Québec's credit ratings as at March 6, 2026.

4.2 Comparison of the credit ratings of Canadian provinces

The following charts show the credit ratings of Canadian provinces assigned by Moody's, S&P Global, Fitch Ratings and Morningstar DBRS.

It should be noted that Moody's gives Québec a higher credit rating than Ontario, while S&P Global and Morningstar DBRS do the opposite.

Fitch Ratings assigns the same credit rating to both provinces.

Québec is not the only province to have been subjected to an unfavourable decision⁵ by a rating agency over the past year.

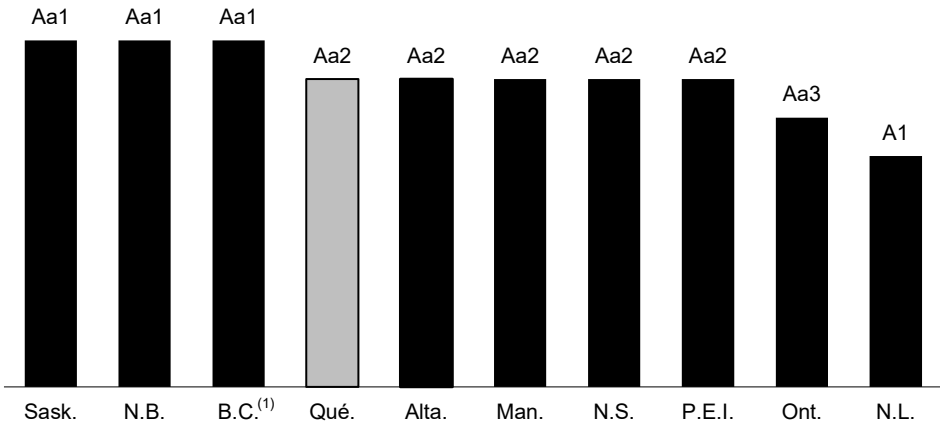
Since January 2025, the economic and financial environment, particularly in relation to the trade dispute with the United States, has led rating agencies to revise downward the credit quality of several other provinces.

- British Columbia's credit rating was downgraded by one notch by Moody's and S&P Global. Fitch Ratings and Morningstar DBRS lowered the outlook associated with British Columbia's credit rating from "stable" to "negative."
- Nova Scotia's credit rating was downgraded by one notch by S&P Global.
- The outlooks associated with Alberta's and Ontario's credit ratings were lowered from "positive" to "stable" by Moody's.
- The outlooks associated with New Brunswick's and Prince Edward Island's credit ratings were lowered from "positive" to "stable" by S&P Global.

⁵ On April 16, 2025, S&P Global downgraded Québec's credit rating by one notch, from AA- to A+. The agency's decision was mainly due to the increase in infrastructure investments needed to stimulate economic growth.

CHART G.14

Credit rating of Canadian provinces – Moody's

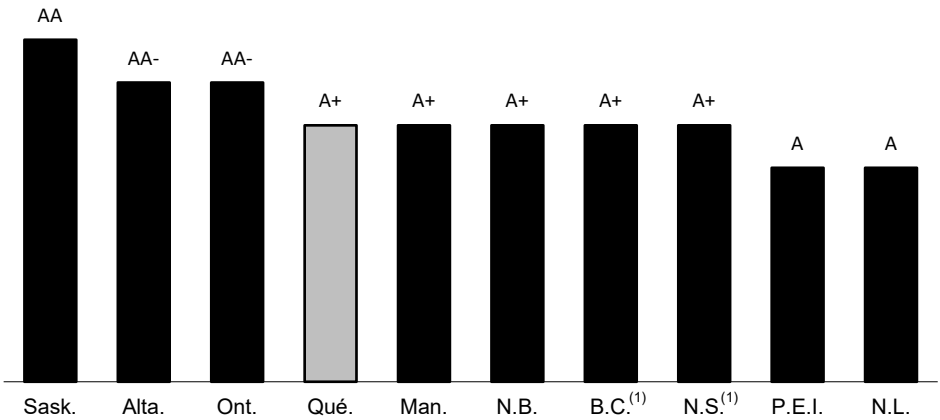


Note: Credit ratings as at March 6, 2026.

(1) This province has a negative outlook.

CHART G.15

Credit rating of Canadian provinces – S&P Global

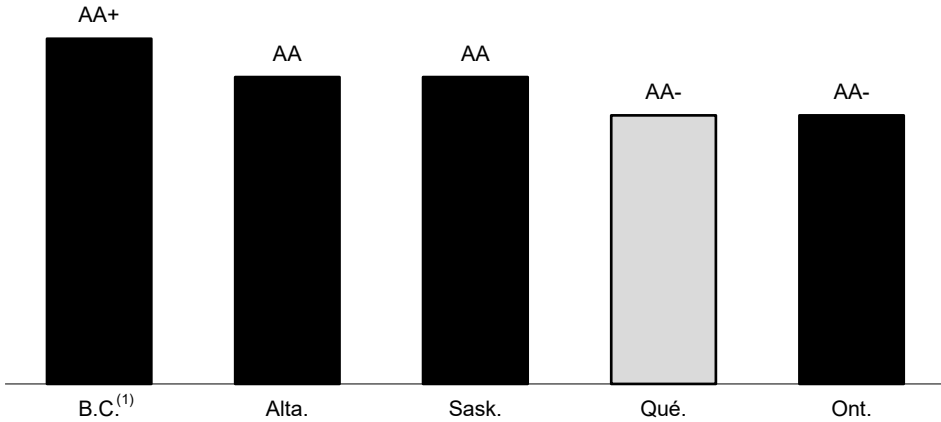


Note: Credit ratings as at March 6, 2026.

(1) These provinces have a negative outlook.

CHART G.16

Credit rating of Canadian provinces – Fitch Ratings

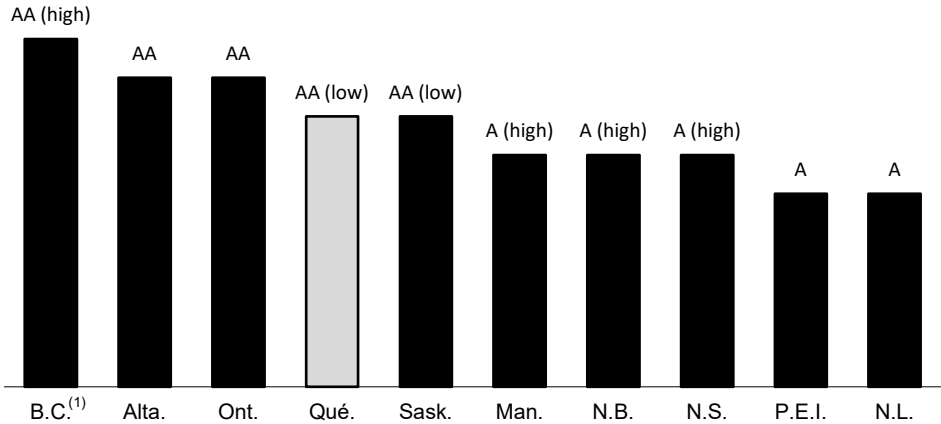


Notes: Five provinces receive a credit rating from Fitch Ratings.
Credit ratings as at March 6, 2026.

(1) This province has a negative outlook.

CHART G.17

Credit rating of Canadian provinces – Morningstar DBRS



Note: Credit ratings as at March 6, 2026.

(1) This province has a negative outlook.

APPENDIX: REPORT ON THE APPLICATION OF THE ACT TO REDUCE THE DEBT AND ESTABLISH THE GENERATIONS FUND

□ Debt reduction objective

The *Act to reduce the debt and establish the Generations Fund* stipulates that, for fiscal years 2032-2033 and 2037-2038, the net debt presented in the government's financial statements may not exceed 38.0% and 35.0% of GDP, respectively.

These ratios correspond to the maximum limit of the respective targets of 35.5% and 32.5% of GDP that were reviewed by the government in the March 2025 budget speech. Developments in the budgetary situation since the March 2023 budget called for a review of these targets.

— Given the difficulty of forecasting how the economy will change over the long term, the government is continuing to provide an interval for these two targets.

TABLE G.17

Debt reduction targets announced in the March 2025 budget

Net debt by 2032-2033 (intermediate target)	35.5% of GDP ($\pm 2.5\%$ of GDP)
Net debt by 2037-2038	32.5% of GDP ($\pm 2.5\%$ of GDP)

As at March 31, 2026, Québec's net debt will stand at \$250.3 billion, or 38.8% of GDP.

The Ministère des Finances conducts detailed five-year debt forecasts. For information purposes, a projection of the net debt-to-GDP ratio has been made up to 2037-2038.

Based on this projection, it is expected that:

- net debt to GDP will stand at 35.3% as at March 31, 2033, below the maximum limit of 38.0% of GDP;
- net debt to GDP will stand at 31.5% as at March 31, 2038, below the maximum limit of 35.0% of GDP.

❑ Deposits in the Generations Fund

Three sources of revenue are dedicated to the Generations Fund:

- water-power royalties, which are paid by Hydro-Québec and private hydroelectricity producers;
- an additional contribution from Hydro-Québec, set at \$650 million per year, taken from the dividend paid by Hydro-Québec to the government;
- income generated by the investment of the sums making up the Generations Fund.

In 2026-2027, revenues dedicated to the Generations Fund will stand at \$2.3 billion. They will rise to \$2.9 billion in 2030-2031 and \$4.1 billion in 2037-2038.

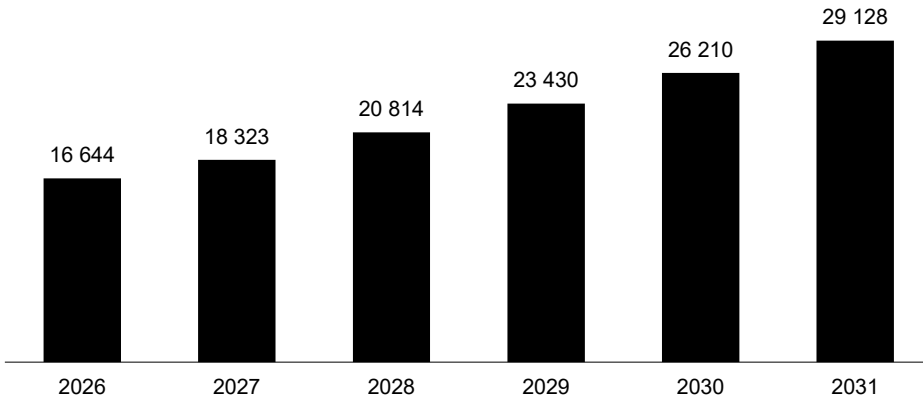
As at March 31, 2026, the balance of the Generations Fund will stand at \$16.6 billion, which is 6.6% of net debt.

Withdrawals from the Generations Fund to repay borrowings stood at \$2.5 billion in 2025-2026. Withdrawals of \$2.5 billion are also planned in 2026-2027.

These withdrawals serve to reduce the amounts allocated to the financing program and alleviate debt servicing.

CHART G.18

Changes in the book value of the Generations Fund as at March 31 (millions of dollars)



Section H

ALTERNATIVE FORECAST SCENARIOS

Summary	H.3
1. Economic and budgetary outlook amid uncertainty.....	H.7
2. Two alternative economic forecast scenarios	H.9
2.1 A recession scenario	H.10
2.2 A stronger growth scenario	H.12
3. Potential impacts on Québec’s budgetary situation.....	H.15
3.1 Impacts on the financial framework	H.15
3.2 Impacts on the budgetary balance.....	H.19
3.3 The repercussions of alternative scenarios on the plan to restore fiscal balance	H.21
4. Potential impacts on Québec’s net debt and the government’s financing program	H.23

SUMMARY

Since the beginning of 2025, uncertainty has reigned around the globe. Québec is no exception and is also facing an economic landscape presenting multiple risks, which could influence economic and budgetary outlooks. In particular, developments in the trade dispute started by the United States as well as persistent geopolitical tensions could impact Québec's GDP growth.

In this context, and for the sake of transparency, the Ministère des Finances is presenting two alternative economic forecast scenarios in the Québec Budget Plan – March 2026 to estimate the impact of a decline in real GDP or stronger-than-forecast economic growth on the financial framework, as well as the Québec government's debt and financing program.

- The first scenario forecasts a recession. Such a scenario could arise, for example, following an escalation of the trade dispute with the United States. In this situation, Québec businesses would face significant constraints affecting both demand for their products and their supply chains.
 - Economic activity in Québec would then decline by 0.2% in 2026 before growing by 0.8% in 2027 and 2.0% in 2028. The cumulative negative gap in comparison to the baseline scenario would reach 1.4 percentage points in 2028.
- The second scenario forecasts stronger growth than that expected under the baseline scenario. Such a situation could arise, for example, in the event of a resolution of trade disputes, which would reduce uncertainty and stimulate economic growth.
 - Real GDP would increase by 1.6% in 2026, 2.0% in 2027 and 1.8% in 2028. The cumulative positive gap in comparison to the baseline scenario would reach 1.4 percentage points in 2028.

Due to the structural nature of these shocks, potential GDP would be affected. Furthermore, the alternative scenarios are not symmetrical in the short term, due to the different natures of the effects induced by each situation.

TABLE H.1

Real GDP – Québec

(percentage change, shock in percentage points)

	Baseline scenario	Recession scenario		Stronger growth scenario	
	Change	Shock	Change	Shock	Change
2025	0.8	—	0.8	—	0.8
2026	1.1	-1.3	-0.2	+0.5	1.6
2027	1.4	-0.6	0.8	+0.6	2.0
2028	1.5	+0.5	2.0	+0.3	1.8
2029	1.5	—	1.5	—	1.5

Note: Annual shock totals may differ from the cumulative shock indicated in the text due to rounding of change values.

□ Impacts of alternative scenarios on the budgetary balance and net debt

■ Recession scenario

Should a recession occur as a result of an escalation of the trade dispute with the United States, for instance, the budgetary balance would be expected to deteriorate by \$13.0 billion over five years, after deposits of dedicated revenues in the Generations Fund.

- Budgetary deficits would be expected in all years of the financial framework and would be higher than under the baseline scenario.
- A downward impact of approximately \$2.7 billion on the budgetary balance would be expected as of 2029-2030.

The use of the contingency reserve, totalling \$8.0 billion over the period covered by the financial framework, would curb increases in projected deficits and reduce the pressure on the financial framework caused by a decline in economic activity.

The financial framework includes a contingency reserve that would partially mitigate the effects of a decline in economic activity, should the trade dispute with the United States deteriorate, for example.

However, a return to a balanced budget would not be achieved in 2029-2030, which could, in particular, force the government to delay the return to a balanced budget or to request a suspension of the application of the *Balanced Budget Act*.

As at March 31, 2031, the net debt-to-GDP ratio would be 39.2%, or 2.3 percentage points higher in comparison to the baseline scenario in Budget 2026-2027 (36.9%).

■ Stronger growth scenario

If economic activity in Québec were to be stronger than anticipated under the baseline scenario, due to the resolution of trade disputes, for instance, the budgetary balance would be expected to improve by \$10.1 billion over five years, after deposits of dedicated revenues in the Generations Fund.

- Deficits would be smaller in the short term and budgetary surpluses would be achieved as of 2028-2029.
- An upward impact of approximately \$2.6 billion on the budgetary balance would be expected as of 2029-2030.

The gap to be bridged currently stated in the financial framework as of 2027-2028 could be eliminated.

A balanced budget would be achieved in 2029-2030, without making use of the contingency reserve.

Should economic activity be stronger than anticipated, it would be possible to return to a balanced budget by 2029-2030 while eliminating the gap to be bridged included in the financial framework.

As at March 31, 2031, the net debt-to-GDP ratio would be 35.0%, or 1.9 percentage points lower in comparison to the baseline scenario in Budget 2026-2027 (36.9%).

□ The government's financing program

Under the baseline scenario, the financing program stands at \$26.2 billion in 2026-2027.¹

— It would increase by \$2.5 billion to reach \$28.7 billion under the recession scenario and would decrease by \$0.9 billion to stand at \$25.3 billion under the stronger growth scenario.

¹ The 2026-2027 program includes \$9.3 billion in pre-financing realized in 2025-2026. For the four subsequent years, it averages \$31.1 billion. This average would increase by \$2.7 billion to \$33.8 billion under the recession scenario and decrease by \$2.3 billion to \$28.8 billion under the stronger growth scenario.

1. ECONOMIC AND BUDGETARY OUTLOOK AMID UNCERTAINTY

The baseline economic forecast scenario in Budget 2026-2027 helps the government establish the budgetary framework. It involves many parameters and reflects expected changes in the economy as closely as possible. While the baseline scenario is balanced and prudent, it is not shielded from events that could impact economic activity, both on the downside and the upside.²

— In particular, the materialization of certain downside risks could make budget planning and returning to a balanced budget by 2029-2030 more difficult.

Developments in the trade dispute with the United States, the review of the Canada-United States-Mexico Agreement (CUSMA), and the situation in the Middle East are the main risks to the baseline scenario.

— In particular, an increase in tariffs, the application of further sectoral tariffs or a possible withdrawal of the United States from CUSMA could exacerbate supply chain disruptions and cause a sharper slowdown in international trade, thus dampening economic growth, particularly investment and exports. Furthermore, the tense geopolitical situation in several regions of the world, including the Middle East, could also slow down the economy, due specifically to an oil shock, should it could last longer than anticipated.

— Conversely, the signing of a trade agreement between Canada and the United States or the end of certain sectoral tariffs would reduce uncertainty and stimulate economic growth.

Presenting alternative economic forecast scenarios puts the baseline scenario for Budget 2026-2027 into perspective and illustrates a range of potential outcomes. These scenarios are all the more relevant given the higher-than-normal uncertainty in the current environment.

□ The baseline economic forecast scenario

The baseline scenario is based on the premise that the effective tariff rate will remain relatively stable over the next few years. Furthermore, the review of CUSMA in July 2026 could lead to reduced uncertainty. Nonetheless, in this context, some businesses are forced to diversify their supply chains or traditional markets.

— Although tariffs could remain in place for the long term, the initial shock of their introduction will gradually fade. In addition, the uncertainty that has shaken consumer and business confidence should also diminish, which would allow for a return to stronger economic growth starting in 2027.

² The main risks associated with the economic forecasts are presented in Section E, “The Québec Economy: Recent Developments and Outlook for 2026 and 2027,” on pages E.59 and E.60.

2. TWO ALTERNATIVE ECONOMIC FORECAST SCENARIOS

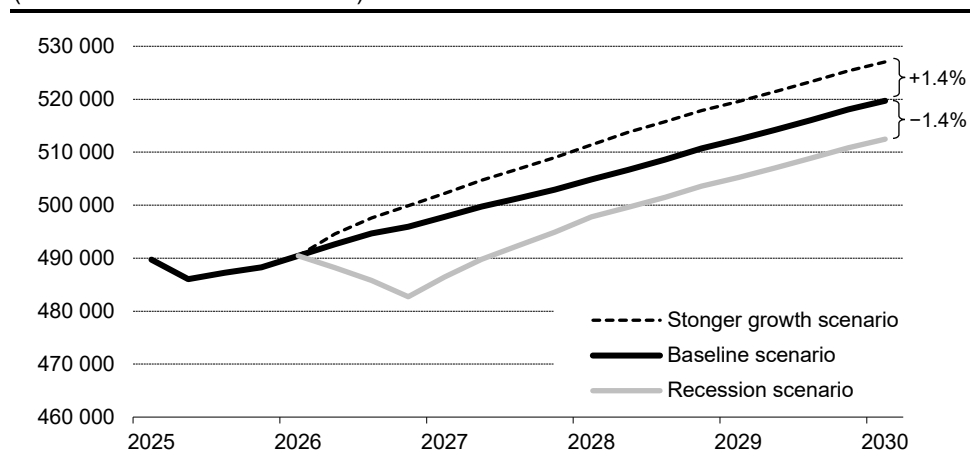
In light of the current climate of uncertainty, the Ministère des Finances has developed two alternative growth scenarios that could characterize the economy in the coming years, namely:

- a scenario forecasting a recession;
- a scenario forecasting stronger growth.

Under these scenarios, the impacts of a recession or more dynamic growth on the financial framework and on the Québec government's debt and financing program are assessed.

CHART H.1

Change in real gross domestic product according to the scenarios in Québec (millions of chained 2017 dollars)



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

❑ Two scenarios with asymmetric impacts

The two alternative scenarios are not symmetrical in the short term, but become so after a few quarters. The asymmetry mainly results from the nature of the effects induced by each situation.

- The scenario involving a recession forecasts a relatively steep decline in real GDP in 2026, with negative consequences on Québec's economic potential.
- Conversely, the stronger growth scenario assumes greater economic potential, which would gradually boost real GDP over the long term.

From 2028 onward, the gap in real GDP of these two scenarios is around 1.4% in comparison to the baseline scenario.

2.1 A recession scenario

The recession scenario could arise, for example, in the event of an escalation of the trade dispute, complications with the CUSMA review or worsening geopolitical tensions. The range of possible disruptions could affect supply chains and hamper trade, investment and consumption.

Under this scenario, real GDP would fall by 0.2% in 2026. Following this downturn, real GDP growth in 2027 would be lower than under the baseline scenario (+0.8% compared to +1.4%). Job losses would also be observed. In particular:

- exports and imports would be more heavily disrupted than under the baseline scenario, reducing business profits and having an even more adverse effect on non-residential investment;
- the decline in demand would lead to a deterioration in the labour market, which would adversely affect household consumption and residential investment;
- inflation would thus be lower than under the baseline scenario. Since a similar trend would also be observed across the country, the Bank of Canada may have to reassess its monetary policy.

This scenario would result in a permanent output loss. Real GDP would not return to the level forecast under the baseline scenario.

- In comparison to the baseline scenario, economic activity would show a negative gap of 1.4% from 2028 onward.

TABLE H.2

Real GDP in Québec – Baseline and recession scenarios

(percentage change, shock in percentage points)

	Baseline scenario	Recession scenario	
	Change	Shock	Change
2025	0.8	—	0.8
2026	1.1	-1.3	-0.2
2027	1.4	-0.6	0.8
2028	1.5	+0.5	2.0
2029	1.5	—	1.5

Note: Annual shock totals may differ from the cumulative shock indicated in the text due to rounding of change values.

❑ A recession would negatively impact the main economic indicators

The recession scenario reflects a decline in economic activity in 2026, followed by slightly weaker growth than that expected under the baseline scenario for 2027. In comparison to the baseline scenario:

- real and nominal GDP growth would show cumulative negative gaps of 1.9 and 2.1 percentage points, respectively, in 2027;
- approximately 59 600 jobs would be lost overall in 2026 and 2027;
- the average unemployment rate would stand at 5.8% in 2026 and 5.3% in 2027, compared to 5.4% and 4.6%, respectively, under the baseline scenario;
- the looser labour market would result in more modest rises in wages and salaries (cumulative negative gap of 1.8 percentage points in 2027) and weaker growth in consumption excluding food expenditures and shelter (cumulative negative gap of 3.0 percentage points);
- growth in the net operating surplus of corporations would show a cumulative negative gap of 6.2 percentage points in 2027;
- the average increase in the Consumer Price Index would be weaker than under the baseline scenario.

TABLE H.3

Economic indicators in Québec in 2026 and 2027 – Baseline and recession scenarios

(in nominal terms, percentage change and shock in percentage points, unless otherwise indicated)

	2026			2027			Cumulative effects
	BL	Rec.	Shock	BL	Rec.	Shock	
GDP, in real terms	1.1	-0.2	-1.3	1.4	0.8	-0.6	-1.9
Consumer Price Index	2.3	2.0	-0.3	2.1	2.0	-0.1	-0.4
Jobs (thousands)	20.4	-9.0	-29.4	16.1	-14.1	-30.2	-59.6
Unemployment rate (per cent)	5.4	5.8	+0.4	4.6	5.3	+0.7	n/a
GDP	3.5	2.0	-1.5	3.4	2.8	-0.6	-2.1
Wages and salaries	3.0	1.7	-1.3	3.5	3.0	-0.5	-1.8
Net operating surplus of corporations	3.7	-0.5	-4.2	3.1	1.1	-2.0	-6.2
Consumption excluding food expenditures and shelter	2.7	0.6	-2.1	3.3	2.4	-0.9	-3.0

Note: "BL" means baseline scenario and "Rec." stands for recession scenario.

2.2 A stronger growth scenario

The stronger growth scenario could materialize if, in particular, the United States were to lower or remove tariffs on imports as part of CUSMA renewal negotiations. This would help reduce uncertainty and improve the business climate. Under this scenario, real GDP growth would be stronger than forecast under the baseline scenario.

Real GDP growth would reach 1.6% in 2026 and 2.0% in 2027, compared to the gains of 1.1% in 2026 and 1.4% in 2027 expected under the baseline scenario.

- Renewed household and business confidence would support consumption and non-residential business investment, which would stimulate productivity and potential for growth.
- Exports would be stronger due to the increase in demand for goods and services, bolstering the net operating surplus of corporations.
- Higher demand for goods and services would encourage businesses to step up hiring. A more favourable labour market would lead to more robust wage gains.

Under this scenario, a rise in potential GDP would keep output at a higher level than the baseline scenario forecast.

- In comparison to the baseline scenario, economic activity would show a positive gap of 1.4% from 2028 onward.

TABLE H.4

Real GDP in Québec – Baseline and stronger growth scenarios (percentage change, shock in percentage points)

	Baseline scenario	Stronger growth scenario	
	Change	Shock	Change
2025	0.8	—	0.8
2026	1.1	+0.5	1.6
2027	1.4	+0.6	2.0
2028	1.5	+0.3	1.8
2029	1.5	—	1.5

Note: Annual shock totals may differ from the cumulative shock indicated in the text due to rounding of change values.

❑ Stronger growth would improve forecasts for most economic indicators

Under the stronger growth scenario, economic activity would expand at a faster pace than anticipated over the next two years. In particular, in comparison to the baseline scenario:

- real and nominal GDP growth would show cumulative positive gaps of 1.1 and 1.2 percentage points, respectively, in 2027;
- approximately 29 200 additional jobs would be created overall in 2026 and 2027;
- the average unemployment rate would stand at 5.3% in 2026 and 4.2% in 2027;
- additional job gains would result in a larger increase in wages and salaries (cumulative positive gap of 1.0 percentage point) and stronger growth in consumption excluding food expenditures and shelter (cumulative positive gap of 1.6 percentage points);
- growth in the net operating surplus of corporations would show a cumulative positive gap of 3.3 percentage points in 2027;
- strong economic growth would support inflation, which would be slightly higher than under the baseline scenario but would nevertheless remain within the Bank of Canada's target range of 1% to 3%.

TABLE H.5

Economic indicators in Québec in 2026 and 2027 – Baseline and stronger growth scenarios

(in nominal terms, percentage change and shock in percentage points, unless otherwise indicated)

	2026			2027			Cumulative effects
	BL	High	Shock	BL	High	Shock	
GDP, in real terms	1.1	1.6	+0.5	1.4	2.0	+0.6	+1.1
Consumer Price Index	2.3	2.4	+0.1	2.1	2.3	+0.2	+0.3
Jobs (thousands)	20.4	30.6	+10.2	16.1	35.1	+19.0	+29.2
Unemployment rate (per cent)	5.4	5.3	-0.1	4.6	4.2	-0.4	n/a
GDP	3.5	4.0	+0.5	3.4	4.1	+0.7	+1.2
Wages and salaries	3.0	3.4	+0.4	3.5	4.1	+0.6	+1.0
Net operating surplus of corporations	3.7	5.1	+1.4	3.1	5.0	+1.9	+3.3
Consumption excluding food expenditures and shelter	2.7	3.4	+0.7	3.3	4.2	+0.9	+1.6

Note: "BL" corresponds to the baseline scenario and "High" corresponds to the stronger growth scenario.

3. POTENTIAL IMPACTS ON QUÉBEC'S BUDGETARY SITUATION

3.1 Impacts on the financial framework

The recession and stronger growth scenarios have an impact on own-source revenue and debt-servicing costs.³

- Changes in own-source revenue, mainly tax revenue, are closely tied to changes in the main economic indicators.
- Debt-servicing costs are linked to budgetary deficits and interest rates.

If economic activity in Québec were to decline in the short term, a deterioration in the budgetary balance of \$13.0 billion over five years would be expected.

Conversely, if economic activity were to be stronger than forecast under the baseline scenario, an improvement in the budgetary balance of \$10.1 billion over five years would be expected.

TABLE H.6

Additional impact of the alternative scenarios on the budgetary balance (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total
Budgetary balance⁽¹⁾ – Baseline scenario	-9 944	-8 612	-5 695	-1 500	—	—	
Recession scenario							
Own-source revenue	—	-2 469	-2 593	-2 128	-2 222	-2 303	-11 715
Debt service	—	-54	-163	-264	-356	-452	-1 289
Total additional impact	—	-2 523	-2 756	-2 392	-2 578	-2 755	-13 004
Adjusted budgetary balance^{(1),(2)}	-9 944	-11 135	-8 451	-3 892	-2 578	-2 755	
Stronger growth scenario							
Own-source revenue	—	886	1 684	2 158	2 236	2 314	9 278
Debt service	—	19	75	156	250	346	846
Total additional impact	—	905	1 759	2 314	2 486	2 660	10 124
Adjusted budgetary balance^{(1),(3)}	-9 944	-7 707	-3 936	814	2 486	2 660	

Note: Totals may not add due to rounding.

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

(2) The adjusted budgetary balance excludes the financial impacts of possible government intervention to stimulate economic recovery.

(3) The adjusted budgetary balance excludes the financial impacts of any additional measures that may be announced.

³ The alternative scenarios could also impact expenditures, particularly those related to a government intervention with the aim of stimulating economic recovery. The impact cannot be estimated, however, because it depends on the form of assistance chosen.

□ Recession scenario

If a recession were to occur due to, in particular, an escalation of the trade dispute with the United States, an \$11.7-billion downward change over five years would be expected in own-source revenue as a whole, in comparison to the baseline scenario.

- The additional impact would be \$2.5 billion in 2026-2027 and \$2.6 billion in 2027-2028.
- It would subsequently decline to remain at around \$2.2 billion, on average, as of 2028-2029.

The recession scenario assumes that the shock on real GDP would be temporary, but that the recession would result in a permanent output loss. The shock would affect tax bases, which would sharply contract in 2026-2027 and would not return to their pre-recession levels thereafter.

- As a result, the additional impact of this scenario on own-source revenue would be permanent.

The additional impact on debt service would gradually increase over the period covered by the financial framework, consistent with increases in budgetary deficits, from \$54 million in 2026-2027 to \$452 million in 2030-2031.

TABLE H.7

Additional impact of the recession scenario – By source

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total over five years
Own-source revenue							
– Personal income tax	—	-1 000	-946	-763	-817	-852	-4 378
– Corporate taxes	—	-618	-826	-662	-680	-706	-3 492
– Consumption taxes	—	-685	-633	-541	-558	-575	-2 992
– Other revenue	—	-166	-188	-162	-167	-170	-853
Total – Own-source revenue	—	-2 469	-2 593	-2 128	-2 222	-2 303	-11 715
Debt service	—	-54	-163	-264	-356	-452	-1 289
Total additional impact	—	-2 523	-2 756	-2 392	-2 578	-2 755	-13 004

Note: Totals may not add due to rounding.

In comparison to the baseline scenario and in all years of the financial framework, the recession scenario would result in the following changes:

- a \$4.4-billion downward change in personal income tax revenue due, in particular, to the weaker growth in wages and salaries expected in 2026 and 2027;
- a \$3.5-billion downward change in corporate tax revenue, due, in particular, to the expected decline in the net operating surplus of corporations in 2026, followed by more moderate growth in 2027;

- a \$3.0-billion downward change in consumption tax revenue, due, in particular, to the weaker growth in consumption excluding food expenditures and shelter expected in 2026 and 2027;
- a \$1.3-billion upward change in debt-servicing costs, driven by higher budgetary deficits.

□ Stronger growth scenario

If economic activity were to be more dynamic than forecast under the baseline scenario, due in particular to the resolution of trade disputes, a \$9.3-billion change over five years would be expected on all own-source revenue.

Under this scenario, unlike the recession scenario, the additional impacts on own-source revenue would increase more gradually in the short term and remain stable thereafter.

- The additional impact would be \$886 million in 2026-2027, \$1.7 billion in 2027-2028 and \$2.2 billion in 2028-2029.
- It would stand at nearly \$2.3 billion on average as of 2029-2030.

Debt-servicing costs would gradually decrease over the period covered by the financial framework, due to decreases in budgetary deficits. The reduction in costs would go from \$19 million in 2026-2027 to \$346 million in 2030-2031.

TABLE H.8

Additional impact of the stronger growth scenario – By source (millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031	Total over five years
Own-source revenue							
– Personal income tax	—	361	656	818	833	863	3 531
– Corporate taxes	—	223	482	638	680	707	2 730
– Consumption taxes	—	243	432	544	561	578	2 358
– Other revenue	—	59	114	158	162	166	659
Total – Own-source revenue	—	886	1 684	2 158	2 236	2 314	9 278
Debt service	—	19	75	156	250	346	846
Total additional impact	—	905	1 759	2 314	2 486	2 660	10 124

Note: Totals may not add due to rounding.

In comparison to the baseline scenario and in all years of the financial framework, the stronger growth scenario would result in the following changes:

- a \$3.5-billion upward change in personal income tax revenue, due, in particular, to the stronger growth in wages and salaries expected in 2026 and 2027;
- a \$2.7-billion upward change in corporate tax revenue, due, in particular, to the stronger growth in the net operating surplus of corporations expected in 2026 and 2027;
- a \$2.4-billion upward change in consumption tax revenue, due, in particular, to the stronger growth in consumption excluding food expenditures and shelter expected in 2026 and 2027;
- an \$846-million downward change in debt-servicing costs, due to lower budgetary deficits.

3.2 Impacts on the budgetary balance

Budget 2026-2027 maintains the goal of returning to a balanced budget by 2029-2030,⁴ as set out in the plan tabled in Budget 2025-2026.

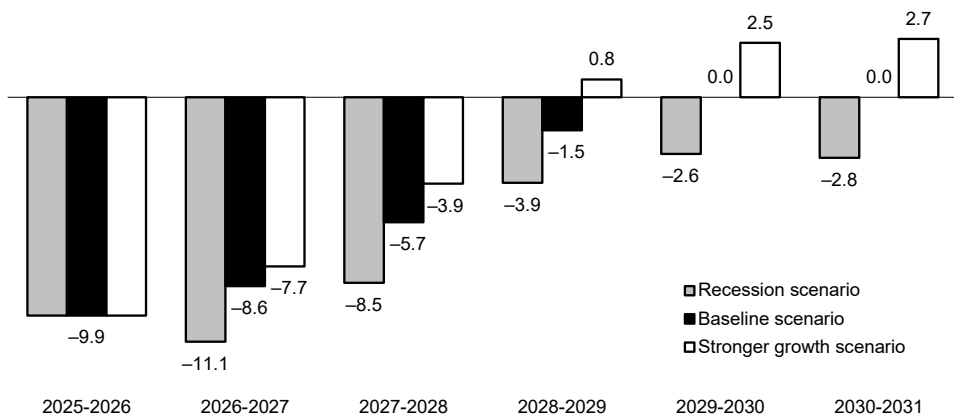
Under the baseline scenario, the budgetary deficit within the meaning of the *Balanced Budget Act*, namely after deposits of dedicated revenues in the Generations Fund, stands at \$8.6 billion in 2026-2027. The deficit is expected to improve each year thereafter until it is eliminated in 2029-2030. A balanced budget will be maintained going forward.

The financial framework forecasts gaps to be bridged of \$750 million in 2027-2028, \$2.3 billion in 2028-2029, \$2.0 billion in 2029-2030, and \$1.8 billion in 2030-2031. As such, after deposits of dedicated revenues in the Generations Fund, a balanced budget will be achieved by 2029-2030 at the latest, subject to these gaps being bridged.

The approach adopted in the plan to restore fiscal balance is gradual and measured. It aims to maintain intergenerational equity and the delivery of public services in the long term, given the uncertainty affecting both the economic and budgetary outlook.

CHART H.2

Budgetary balance – Baseline and alternative scenarios (billions of dollars)



Notes: Budgetary balance within the meaning of the *Balanced Budget Act*.
These three scenarios include the gaps to be bridged included in the financial framework.

⁴ The return to a balanced budget is presented in more detail in Section F, “Québec’s Financial Situation,” on pages F.31 to F.41.

Presenting alternative scenarios forecasting a recession or stronger growth illustrates how the budgetary balance could be affected if the economic situation were to take a different trajectory than that expected in the *Québec Budget Plan – March 2026*.

If a recession were to occur, budgetary deficits would be expected in all years of the financial framework and exceed the deficits forecast under the baseline scenario.

- The budgetary deficit would be \$3.9 billion in 2028-2029, exceeding the maximum deficit of \$1.5 billion⁵ set forth in the *Balanced Budget Act*.
- It would be nearly \$2.6 billion in 2029-2030.

Conversely, if, for example, the trade disputes were resolved and economic conditions proved more favourable than expected, deficits would be lower in the short term and budgetary surpluses would be expected in the financial framework's last three years.

- The budgetary surplus would total \$814 million in 2028-2029.
- It would be nearly \$2.5 billion in 2029-2030.

⁵ This amount represents 25% of the budgetary deficit recorded in *Public Accounts 2022-2023*, namely \$6.1 billion.

3.3 The repercussions of alternative scenarios on the plan to restore fiscal balance

❑ Recession scenario

An escalation of the trade dispute with the United States, if it were to occur, would significantly impact Québec's economic activity and, in turn, its budgetary forecasts.

— A downward impact on the budgetary balance of nearly \$2.6 billion per year, on average, would be expected in such a scenario as of 2028-2029.

Use of the contingency reserve would limit the effects of a decline in economic activity and reduce pressure on the financial framework.

— However, this reserve would not be sufficient to ensure compliance with the requirements of the *Balanced Budget Act*, in particular the deficit target in 2028-2029, and to maintain the budgetary balance at equilibrium in 2029-2030.

— The government could then have to delay the return to a balanced budget or request a suspension of the application of the *Balanced Budget Act* to ensure public services continue to be delivered.

❑ Stronger growth scenario

If, for example, trade disputes between the United States and Canada were resolved and economic activity in Québec was stronger than forecast under the baseline scenario, improvements would be expected in all years of the financial framework.

— Budgetary surpluses would be achieved starting in 2028-2029, owing to higher own-source revenue and lower debt service.

— An upward impact on the budgetary balance of nearly \$2.5 billion per year, on average, would be expected in such a scenario as of 2028-2029.

Under this scenario, it would be possible to eliminate the gap to be bridged stated in the financial framework as of 2027-2028.

Use of the contingency reserve would not be necessary, since the expected deficits, after eliminating the gap to be bridged, would meet the requirements of the *Balanced Budget Act*.

— The deficit in 2028-2029 would be \$1.4 billion, which is below the deficit target of \$1.5 billion.

— The budgetary balance would remain in surplus starting in 2029-2030, after deposits of dedicated revenues in the Generations Fund.

The plan to restore fiscal balance by 2029-2030 would be maintained.

TABLE H.9

Maintaining a balanced budget – Stronger growth scenario

(millions of dollars)

	2025- 2026	2026- 2027	2027- 2028	2028- 2029	2029- 2030	2030- 2031
Adjusted budgetary balance – Stronger growth scenario^{(1),(2)}	-9 944	-7 707	-3 936	814	2 486	2 660
Elimination of the gap to be bridged	—	—	-750	-2 250	-2 000	-1 750
Use of the contingency reserve	—	—	—	—	—	—
Budgetary balance with no gap to be bridged^{(1),(2)}	-9 944	-7 707	-4 686	-1 436	486	910

Note: Totals may not add due to rounding.

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

(2) The budgetary balance excludes the financial impacts of any additional measures that may be announced.

4. POTENTIAL IMPACTS ON QUÉBEC'S NET DEBT AND THE GOVERNMENT'S FINANCING PROGRAM

☐ Québec's net debt

Under the baseline scenario in Budget 2026-2027, the net debt will stand at \$250.3 billion as at March 31, 2026, or 38.8% of GDP. Net debt to GDP is expected to continue increasing until 2027-2028. A gradual reduction is subsequently expected tied to, in part, the improved budgetary situation and deposits of dedicated revenues in the Generations Fund. The net debt reduction targets, corresponding to a maximum limit of 38.0% of GDP by March 31, 2033 and 35.0% of GDP by March 31, 2038, would be met.

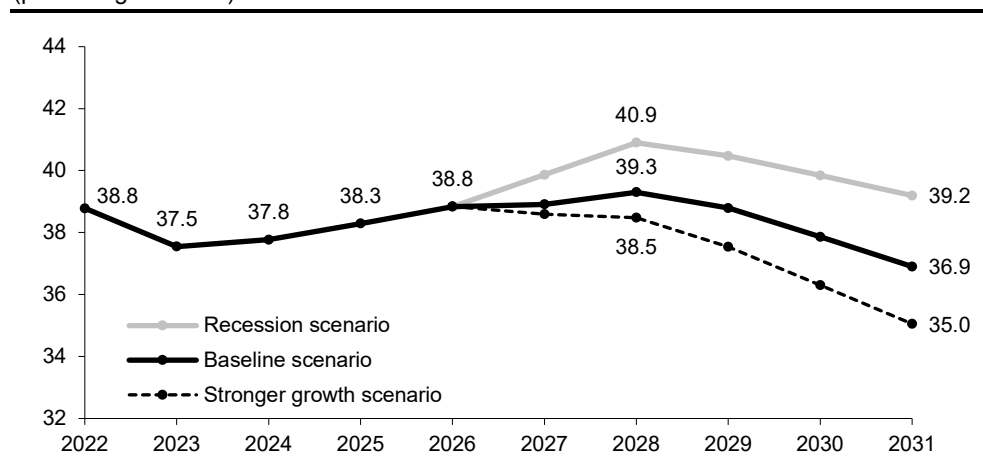
Under the recession scenario, net debt to GDP would be 2.3 percentage points higher as at March 31, 2031, bringing it to 39.2%, or \$13.0 billion higher than under the baseline scenario.

Under the stronger growth scenario, net debt to GDP would stand at 35.0% as at March 31, 2031, or 1.9 percentage points of GDP lower than under the baseline scenario.

— As under the baseline scenario, the net debt reduction targets would be met under both alternative scenarios.

CHART H.3

Net debt as at March 31 – Baseline and alternative scenarios (percentage of GDP)



❑ The government's financing program

The government's financing program⁶ consists of long-term borrowings contracted during the fiscal year.

— The program is used to, among other things, repay maturing borrowings and meet net financial requirements. The latter include the budgetary deficit as well as the government's capital investments.

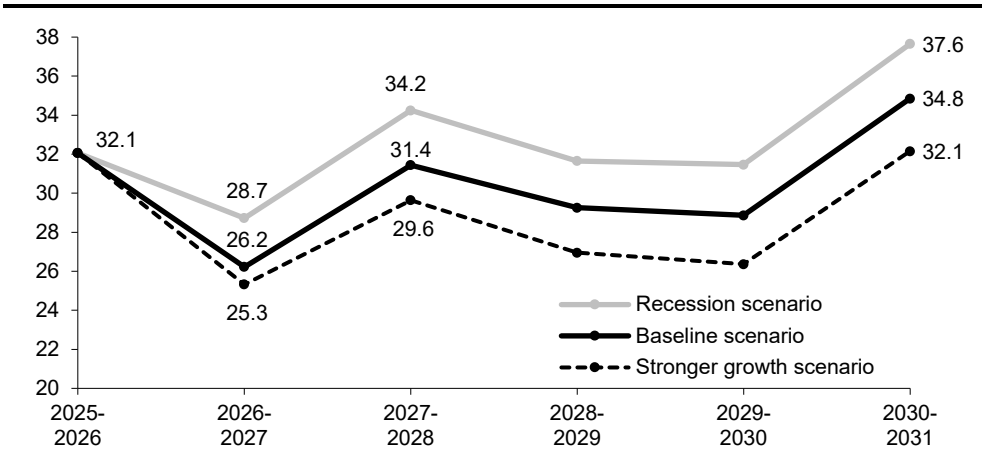
For 2025-2026, the financing program stands at \$32.1 billion. Under the baseline scenario, it will stand at \$26.2 billion in 2026-2027.⁷

— Under the recession scenario, the financing program would increase by \$2.5 billion in 2026-2027, to \$28.7 billion.

— Under the stronger growth scenario, the financing program would decline by \$0.9 billion in 2026-2027, to \$25.3 billion.

CHART H.4

Long-term borrowing outlook – Baseline and alternative scenarios
(billions of dollars)



⁶ The financing program is presented in more detail in Section G, "The Québec Government's Debt," on pages G.29 and G.30.

⁷ The 2026-2027 program includes \$9.3 billion in pre-financing realized in 2025-2026. For the four subsequent years, it averages \$31.1 billion. This average would increase by \$2.7 billion to \$33.8 billion under the recession scenario and decrease by \$2.3 billion to \$28.8 billion under the stronger growth scenario.

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