

Budget 2021-2022

A \$15-billion investment to strengthen our health care system, support educational success and accelerate Québec's economic growth

Québec, March 25, 2021. – It has been a little more than a year since the onset of the pandemic and, now that the vaccination campaign has gained momentum, we are seeing some light at the end of the tunnel. Today, Eric Girard, Minister of Finance, tabled the *Québec Budget Plan – March 2021*, which includes measures totalling nearly \$15.0 billion over the next five years, with an investment of \$5.2 billion this year, aimed at:

- strengthening our health care system;
- supporting educational success and youth;
- accelerating growth and the transition to the new Québec economy;
- supporting Quebecers.

Strengthening our health care system

The government devoted considerable effort to support the health care system during the first two waves of the pandemic, and it continues to do so in Budget 2021-2022 by announcing investments of more than \$10.3 billion over five years, including \$2.9 billion this year, in order to extend the measures announced since March 2020 to manage the public health crisis and enhance health care and services for Quebecers.

Supporting educational success and youth

The pandemic and its repercussions have taken a major toll on young Quebecers and have impacted many key aspects of their lives. Therefore, in Budget 2021-2022, the government is making young people a priority by announcing initiatives totalling \$1.5 billion over the next five years so they can all develop to their full potential.

The government wants to support young people, from the time they start school to the time they enter the labour market. The initiatives announced today are specifically aimed at:

- fostering educational success;
- supporting student retention and graduation in higher education;
- facilitating social and professional integration;
- promoting sports and recreation.

Accelerating economic growth and the transition to the new Québec economy

The government is maintaining its objectives of creating wealth and growing Québec's economic potential. In addition to planning for major investments in education and higher education, Budget 2021-2022 proposes initiatives totalling \$4.0 billion over the next five years to spur business investment and boost productivity in all of Québec's regions, with the goal of accelerating growth and the transition to the new Québec economy.

Increasing and accelerating infrastructure investment

Investment in public infrastructure is a key factor in kick-starting the economy. To that end, the government is increasing funding for the 2021-2031 Québec Infrastructure Plan (QIP) by \$4.5 billion, bringing the total amount from \$130.5 billion to \$135.0 billion. Nearly 60% of investments under the plan are earmarked for the next five years to accelerate the economic recovery.

Ensuring tax fairness and the integrity of the tax system

The government is continuing its actions to ensure tax fairness and the integrity of the tax system. In particular, it will make sure the QST is collected on foreign goods originating from fulfillment warehouses. This is expected to generate \$1.8 billion in additional revenue over the next five years.

Québec's economy will quickly resume its cruising speed

The economy slowed down considerably in 2020, but the outlooks for 2021 and 2022 suggest a strong economic recovery. After an unprecedented drop in 2020, real GDP is forecast to grow 4.2% in 2021 and 4.0% in 2022.

The economic recovery will hinge primarily on household consumption, residential investment, business investment and the stimulus plans implemented by the government. While the labour market has begun to recover, full employment is expected to return by late 2022.

A structural deficit to be offset over the next seven years

The resilience of Québec's economy in the face of the crisis and the extent of the support measures introduced by the government have helped mitigate the deterioration of public finances and launch the recovery. The budgetary deficit for 2020-2021 is stable compared to the situation forecast in November 2020 and amounts to \$15.0 billion before the use of the stabilization reserve. It will be reduced to \$12.3 billion for 2021-2022 and \$8.5 billion for 2022-2023.

The government has committed not to implement any budgetary offsetting measures until Québec's rate of employment has returned to its pre-pandemic level, that is, for two years. Fiscal balance is now expected to be restored by 2027-2028. The plan to restore fiscal balance will be based on the government's commitment not to increase the tax burden, aligned spending and revenue growth, accelerated economic growth and a higher federal contribution to health care spending.

Furthermore, the government has committed to maintaining its deposits in the Generations Fund.

The debt remains under control

The COVID-19 pandemic has curbed the increase in the debt burden. As at March 31, 2021, the net debt-to-GDP ratio will be 45.0%, which is still below its level of 47.9% as at March 31, 2017. The debt burden is expected to stabilize in the coming years before decreasing as of 2024-2025, with fiscal balance gradually being restored.

Quotations:

"For a little over a year, the government has mobilized considerable resources to manage the public health crisis and to support the public and businesses. In this budget, we are continuing our efforts by proposing a number of measures that will help Québec resume the trajectory of growth it was on until early 2020.

We will restore fiscal balance in seven years, maintain our deposits in the Generations Fund, support the health care system and do our utmost to grow Québec's economic potential so that we emerge from this crisis even stronger."

Eric Girard, Québec's Minister of Finance

Related link:

All the details on Budget 2021-2022: http://www.budget.finances.gouv.qc.ca/budget/2021-2022/index_en.asp.

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Fanny Beaudry-Campeau
Director of Communications
Office of the Minister of Finance
Tel.: 514 222-6782

Information:

Jacques Delorme
Media Relations Officer
Ministère des Finances
Tel.: 418 528-7382