

Budget 2022-2023

Investments of \$22 billion to help Quebecers cope with the rising cost of living and to sustain economic growth

Québec, March 22, 2022. – The Minister of Finance, Mr. Eric Girard, presented today the *Québec Budget Plan – March 2022*, which provides for measures totalling more than \$22 billion over five years, including \$3.7 billion this year, to cope with the rising cost of living and to:

- restore the health care system;
- invest in education and higher education (press release no. 2);
- stimulate economic growth (press release no. 3);
- continue efforts relating to the environment (press release no. 4);
- strengthen community action and support communities (press release no. 5).

A \$500 one-time payment to help 6.4 million Quebecers

The government wants to continue helping Quebecers, especially to cope with the rising cost of living. Since the start of the year, inflation has been having an impact on households, particularly those with lower incomes. The government is responding by allocating a one-time payment of \$500 to 6.4 million people earning \$100 000 or less.

This measure represents a \$3.2-billion expenditure to address the rising cost of living.

This one-time payment, which will be paid to all eligible adults automatically by Revenu Québec, comes on top of the extraordinary cost of living allowance granted at the start of the year to those benefiting from the solidarity tax credit. This means that, for 2022, people benefiting from the solidarity tax credit will be entitled to combined assistance of up to \$775 for a person living alone or \$1 400 for a couple.

Facilitating access to affordable quality housing

The rising cost of rent and low vacancy rates for private rental housing in recent years have made finding affordable housing harder. Budget 2022-2023 therefore provides investments totalling \$634 million over six years to increase the supply of social housing and affordable housing and to improve the quality of housing in Québec.

These investments will make it possible to complete delivery of nearly 3 500 AccèsLogis units, to build 1 000 additional units under the Québec affordable housing program, to grant rent supplements and help municipalities. Substantial amounts are also provided for renovating the low-rental housing stock, and over \$165 million will be set aside for improving the housing of Quebecers, particularly through the Rénovation Québec and RénoRégion programs and the Residential Adaptation Assistance Program.

Additional initiatives to restore the health care system

The government is now embarking on the restoration of the health and social services system by investing \$8.9 billion over the next five years: \$5.2 billion to restore the health and social services system and \$3.7 billion to improve care and services provided to the public.

A significant reduction in the structural deficit

A balanced approach combining sound management of government finance with additional support and recovery measures is fostering higher-than-anticipated economic growth in 2021.

The budgetary deficit is evaluated at \$6.5 billion in 2022-2023, a \$2 billion improvement over the March 2021 budget forecast. The structural deficit now stands at \$2.8 billion—more than \$3 billion lower than the 2021-2022 budget forecast.

The return to a balanced budget is still expected by 2027-2028 and will continue to 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.

The Québec economy is showing extraordinary performance

The economy posted an impressive recovery last year, showing more sustained growth than elsewhere in Canada.

Overall, the economy returned to its pre-pandemic level more quickly in Québec than in the rest of Canada, and the wealth gap with Ontario is continuing to shrink. Domestic demand and government investments will strongly support economic activity over the next two years, and the strength of our economy will make Québec resilient in the face of global economic disturbances.

Real GDP increased by 6.3% in 2021 and growth is set to reach 2.7% in 2022.

The debt burden continues to diminish

Thanks to the strong economic recovery, the gross debt burden will stand at 43.1% of GDP as at March 31, 2022, which is below the 45% objective set out in the *Act to reduce the debt and establish the Generations Fund*. This is a 6.1-percentage-point improvement over the March 2021 budget forecast.

Reducing the debt burden remains a priority for the government, particularly because it contributes to economic growth by creating a climate of confidence that is conducive to private investment and growth in productivity. In addition, it allows Québec to ensure stable funding for the government's chief missions, such as health and education.

Quotations:

"The remarkable performance of the economy is reflected in our budgetary situation, which continues to improve. As a result, we are able to help Quebecers cope with the sharp increase in the cost of living that we have seen in recent months by quickly paying them a one-time allowance. In this way we are acting on several fronts, taking strong structuring measures that will put Québec in a favourable position for the coming years."

Eric Girard, Québec's Minister of Finance

Related link:

All the details on Budget 2022-2023: www.budget.finances.gouv.qc.ca/budget/2022-2023/index_en.asp.

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