

# 2024 QUEBEC ECONOMIC UPDATE




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**Finance Minister Éric Girard announced Quebec's 2024 Economic Update on November 21, 2024.**

**This mini-budget arrives as Quebecers continue to grapple with significant challenges, including a healthcare system where over two million residents lack access to primary care.**

**The province's new healthcare agency, Santé Québec, has tasked an already strained system with finding \$1 billion in savings. Additionally, Quebec is facing a housing crisis and persistent labour shortages.**



# Economic Outlook Snapshot

- Projected GDP growth of **1.2%** in 2024, an increase from the previous forecast of **0.6%**.
- Expected growth acceleration to **1.5%** in 2025.
- A projected **\$11 billion** deficit for 2024-2025 (1.8% of GDP).
- An accounting deficit maintained at **\$8.8 billion** (1.4% of GDP).
- Net debt burden projected at **39.0%** of GDP by March 31, 2025.
- Goal to reduce the debt burden to **30%** of GDP by 2037-2038.
- Commitment to return to a balanced budget by **2029-2030**.

## Key Investments and Fiscal Measures

**\$2.1 billion** in additional investments over five years for priority issues:

- **\$252 million** for the forestry sector over five years to support wood processing and reforestation efforts.
- **\$218 million** to support Quebecers, including \$208 million for promoting access to housing and \$10 million to increase work income supplements for social assistance recipients.
- **\$1.2 billion** for community development, including supporting the transition of public transit bodies and contributing to the vitality of both Montréal and the Capitale-Nationale; \$880 million will be injected into a five-year public transit action plan.
- **\$433 million** for public safety measures over five years to respond to the impact of floods, the deployment of new cell sites and commitment to police coverage obligations in Nunavik.

Fiscal adjustments include:

- **2.85%** indexation of personal income tax parameters and social assistance benefits.
- **\$3.4 billion** reduction in tax expenditures over five years and the optimization of the tax credit for career extension.

While Girard's update does not directly address labour shortages, the optimization of the career extension tax credit aims to encourage older workers to remain in the workforce longer and aligns with the current labour market context.



# Housing Snapshot

Girard announced measures that are positive but may not sufficiently alleviate the ongoing housing crisis characterized by rising rents and long wait times for social housing. The consolidated support for Quebecers includes:

**\$184 million** over four years to accelerate new housing construction; and

**\$17.8 million** over four years to allocate **500 new units** under the Rent Supplement Program for youth transitioning from youth protection.

## Opposition Response

Opposition parties swiftly criticized the Coalition Avenir Québec (CAQ) government's update and spending history. Paul St-Pierre Plamondon and the Parti Québécois (PQ) highlighted what they claim are frivolous expenditures by the CAQ amounting to **\$5 billion**, urging cuts and condemning excessive spending. Premier François Legault countered Plamondon's claims in the National Assembly by emphasizing the CAQ's increased investments in health and education, asserting that the CAQ supports the middle class.

The Quebec Liberal Party (QLP) branded Legault as the "king of deficits," accusing the CAQ of losing control over expenses, while Québec Solidaire (QS) called for increased spending to maintain government services, describing Girard's update as containing veiled cuts.

The CAQ is navigating a complex fiscal landscape, and Girard will face questions from the Public Finance Committee today regarding its spending strategies. Girard's economic update reflects an attempt by the government to balance economic recovery with public investments and fiscal responsibility. While the CAQ government emphasizes targeted investments and expresses optimism about economic growth, their measures may fall short in fully addressing the pressing issues of healthcare access, labour shortages, and housing crises facing Quebecers.

Today's announcement sets the stage for ongoing discussions on effectively tackling Quebec's urgent socio-economic challenges while striving for fiscal stability, with a comprehensive plan for achieving a balanced budget expected in the 2025-2026 budget presentation.



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