

March 2026

2026–2027 budget

A brief respite before going under again



*Alliance du personnel
professionnel et technique
de la santé et des services sociaux*

APTS
ALERT

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PUBLIC FINANCES AND THE RETURN TO A BALANCED BUDGET

The finance minister's eighth budget was tabled on March 18. The US government is waging a tariff war, the Canada-US-Mexico trade agreement is up for renegotiation, and wars in Ukraine and Iran create profound uncertainty, but the government does not expect a recession in the near future. Its optimism is demonstrated by economic growth forecasts slightly higher than those on which most economists agree, at 1.1% this year and 1.6% next year.

The first big news item in the budget is the fact that the government's general financial framework has improved. In March 2025, Québec thought the fiscal year would end this month with a \$13.6 billion deficit. That deficit is now estimated to be \$9.9 billion. Meanwhile, a \$9.5 billion deficit was expected for 2026–2027, but the forecast now is \$8.6 billion.

There's a simple reason for this improvement: the government's estimates for 2025 and 2026 were based on extremely cautious projections regarding economic growth. Since the outcome turned out to be better than predicted, the government can now present an improvement in public finances, with this announcement taking place – surprise, surprise – only a few months before the election.

But that doesn't mean everything is rosy.

The finance minister has chosen a very restrictive approach to achieving a balanced budget in 2029–2030. Between 2026 and 2031, he plans to limit the growth of government spending to 1.9% per year. That would be an unprecedented level of discipline over such a long period – a rate of increase so small that it doesn't even match what we experienced in the most austere years of the 2010s, at a time when inflation was approximately half what it is today!

And given that the finance minister has not yet explained where we will find the \$2 billion budget cuts needed to carry out his “return to zero deficit” plan, it seems clear the next few years will be difficult.

FUNDING FOR HEALTH AND SOCIAL SERVICES

The 2026–2027 budget holds a big surprise for health and social services. Since March 2025, the Minister had been indicating we should prepare for the worst, and last November, signals from Québec led us to expect a meager 1.6% spending increase. Given that a 4.7% increase is required just to maintain funding at a level consistent with Quebecers' needs, we had every reason to believe that 2026–2027 was going to be a very bad year.

Surprise! Instead of 1.7%, the government announced an increase of 4.1%. It looks as if this year's election deadline has induced the finance minister to push forward to next year any announcement that might not be popular – just as he did with the general financial framework.

It's natural to feel some relief when a nightmare scenario fails to materialize. But that doesn't mean we're doing great. If we compare the increased health and social services budget with the system's evolving costs, we can see that we're still missing \$304 million to cover the expansion of Quebecers' needs as calculated in our work on the budgetary shield.

It's also worth noting that according to our calculations, the health and social services system was already short of \$1.1 billion in the 2025–2026 budget, a shortfall that has not been filled by this year's budget. Meanwhile, the government is planning to reduce budget growth for health care to 2.2% in 2027–2028. In short, it seems clear that the upswing will be short-lived and won't give us time to fix the damage.

OTHER ANNOUNCEMENTS

The CAQ is good at one thing: ensuring that underfunding has a long life while making it seem as if there's reinvestment. Once again this year, it will sprinkle random funds here and there as it announces close to \$400 million for health and social service initiatives.

→ **To strengthen health care and social services:**

- \$162.3 million to consolidate care and services offered by public institutions in the health and social services system;
- \$150.5 million to support access to drugs;
- \$40 million to pursue efforts to reduce waiting lists for surgery;
- \$24.8 million to provide better access to primary care;
- \$20 million to carry out actions associated with Québec's strategy to ensure prevention (*Stratégie nationale de prévention en santé*).

→ **To support informal caregivers and seniors living in private seniors' residences:**

- No money in 2026–2027, but \$34 million starting in 2027–2028.

CONCLUSION

For his last budget before the election, Minister Girard has pulled an aging rabbit out of his hat. The trick is to announce that public finances are now doing better while ensuring that policies to implement budget cuts are relegated to some future time. The next government can be the one to look for billions of dollars to balance the budget by 2029–2030. Our current period of respite will definitely be a short one!



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