



2010-2011 BUDGET

Building the Québec of the Next 20 Years

Québec, March 30, 2010 – “In the longer term, the prosperity and well-being of Quebecers will depend on a stronger economy that is more productive and more competitive. The full potential underpinning the ambitions of Quebecers must be liberated. This will mean meeting our demographic challenge and enhancing our performance. It will involve pursuing our green shift, and encouraging the expression and reach of our culture. We are embarking on an ambitious process for building Québec for the next 20 years,” said Finance Minister Raymond Bachand, in tabling the 2010-2011 Budget.

Meeting the demographic challenge

To meet the demographic challenge, the Minister announced the creation of the Commission nationale sur la participation au marché du travail. The Commission will be co-chaired by Françoise Bertrand, president of the Fédération des chambres de commerce du Québec, and Gilles Demers, an economist and a recently retired deputy minister.

“To maintain our economic potential, we must foster ‘active aging’. All Quebecers who so wish, particularly experienced workers, must be able to continue to actively participate in Québec’s economic life. In that way, we will mitigate the negative impact of population aging. Labour market participation is a complex question. We must analyze it carefully,” declared the Minister.

According to projections, if no action is taken, the decline in the working-age population could take away one third of economic growth potential in no more than ten years. While noting the highly positive results of the important initiatives taken by the government with respect to families and immigration since 2003, the Minister stressed the need to take action on demographics and employment.

A creative and innovative economy

The Minister of Finance also announced the updating and extension of the Québec Research and Innovation Strategy. "Taking into account the additional budgets and the amounts carried over, the government will devote more than \$1.1 billion to innovation over the next three years," he affirmed. He then went on to say: "With this strategy, we have laid the groundwork for an innovative economy. Today, we are continuing our efforts to create conditions to support creativity and innovation." The details of the new strategy will be unveiled in the coming weeks.

A competitive business environment

The 2010-2011 Budget provides for funding of \$50 million over three years for Investissement Québec to assist businesses interested in developing new export markets. This amount is in addition to the initiative announced last January by the Caisse de dépôt et placement du Québec, the Mouvement Desjardins and Capital régional et coopératif Desjardins, which joined forces to provide \$600 million for the development of Québec SMEs, including exporting SMEs.

"Our government put in place a tax system more favourable to investment in order to increase business productivity. In particular, we eliminated the tax on capital and introduced an investment tax credit. In the context of a strong Canadian dollar, we must continue to support exports to enable our companies to take advantage of new markets," declared the Finance Minister.

The Minister also announced the creation of the Fonds d'investissements pour la relève agricole. A fund of \$75 million financed by the Financière agricole du Québec, in collaboration with the Fonds de solidarité FTQ and Capital régional et coopératif Desjardins, to support young Quebecers who want to go into agriculture. The details concerning the fund will be made known shortly.

Montréal, an essential component for balanced development

"Québec's development must rely on three pillars: a strong national capital, strong regions and a strong metropolis. To neglect one would be to neglect the development of Québec as a whole," the Minister said.

"Even in the midst of economic turmoil, the Capitale-Nationale region remained remarkably vigorous. To capitalize on that vitality, we are renewing for five years our support for the development of the national capital. We also announced, as part of our strategy for supporting recovery, initiatives for the regions totalling \$56.5 million in 2010-2011, and \$255.5 million over the next three fiscal years," he added.

"Today, we are tackling world competition, which is played out between the large metropolises. Our metropolis plays a unique role in Québec's development. Strengthening its economy is key to sustainable prosperity for Québec," the Minister stated.

For this purpose, he announced:

- the extension of support until 2017, through funding of \$175 million, for the Imagining-Building Montréal 2025 development strategy;
- investments of \$200 million for the creation of an express rail link between the airport and downtown Montréal;
- the introduction of the Plan Emploi Métropole to provide support for people looking for work, for entrepreneurship and for the development of workforce skills;
- support for the creation of a round table for the development and advancement of Montréal's financial sector;
- replacement of the current international financial centres regime with a refundable tax credit respecting the salaries paid to employees;
- the possibility for the metropolitan communities of Montréal and Québec City to raise the tax on gasoline by 1.5 cents per litre on their territory in order to invest in their public transit system.

A dynamic culture

“There is more to Québec's development than just budgetary issues. Culture is also part of the economy. As early as 2003, we pledged to make culture one of the priority missions of the Québec government. Our creators must be able to shine abroad. It is also important to invest in the vitality of our cultural businesses and organizations. The financial crisis has had detrimental effects on their financing,” affirmed Minister Bachand.

Accordingly, he announced:

- \$9 million over the next three years to continue supporting our artists on the world stage and to mitigate the impact of federal cuts;
- an initial contribution of \$10 million to the Société de développement des entreprises culturelles, a contribution that could reach \$30 million. This will enable the Société to increase its loan and loan guarantee activities for cultural businesses;
- the creation of a fund by Loto-Québec to support the Orchestre symphonique de Montréal. The funds thus freed up will make it possible to increase government support for many organizations, including Québec symphony and chamber orchestras, the Internationale d'opéra de Québec and the Opéra de Montréal.

Building a green economy

“Sustainable development will be an important thrust and a signature feature of our economy for the next 20 years at least. It is important to continue the green shift initiated by our government in 2006. Tackling climate change will provide Québec with new opportunities and openings for developing a green economy,” declared Minister Bachand.

The government is announcing a series of measures in this regard, particularly:

- the implementation of the industrial policy for the development of an electric vehicle sector;
- the introduction of financial assistance of \$24 million over three years to encourage the commercialization of products made in Québec that have obtained carbon footprint certification;
- \$57 million over three years for the Northern Plan to ensure the smooth functioning of the current process and encourage initiatives that will meet the needs expressed by local communities;
- the introduction, as of January 1, 2011, of a royalty on water used as an input or in production processes;
- the implementation of a temporary financial assistance program for wind-energy projects that must be implemented between 2010 and 2012.

A budget for the future

“The budget that I am tabling today is a budget that will enable us to maintain control over our choices. We are announcing a decisive shift and lasting solutions for the future of Québec. All Quebecers are being asked to do their part, but this collective effort has to start with the government,” concluded the Minister of Finance.

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