

STRATEGY FOR THE DEVELOPMENT OF EVERY REGION

Greater resources and stronger autonomy

Budget I 2007-2008

Finances

Québec 

Strategy for the Development of Every Region

Greater resources and stronger autonomy

Budget | 2007-2008

Legal deposit — Bibliothèque et Archives nationales du Québec

February 2007

ISBN 978-2-551-23519-3 (Print)

ISBN 978-2-550-49092-0 (PDF)

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REGIONS THAT ARE MORE AUTONOMOUS AND MORE PROSPEROUS

As part of the 2007-2008 Budget Speech, the government is deploying an ambitious strategy to make every region of Québec more autonomous and more prosperous.

Since April 2003, the Québec government has taken a large number of initiatives to foster the development of every region of Québec.

- The government has defined new regional governance through the creation of regional conferences of elected officers.
- Regions, municipalities and communities have received new resources, with the signing of a new fiscal and financial partnership with the municipalities, the publication of the *National Policy on Rurality* and the implementation of regional economic intervention funds (FIER).

These initiatives, defined on the basis of regional realities, have had a positive effect on every region of Québec. They have benefited the resource regions as well as central regions, rural areas and urban areas, Montréal and Québec City.

With the *Strategy for the Development of Every Region*, the government is taking a new step. Bold measures are being taken for every region of Québec, in particular Montréal and Québec's capital.

Enhanced local and regional autonomy: steps already taken

The *Strategy for the Development of Every Region* represents a new phase in the Québec government's effort to **enhance local and regional autonomy**.

- The **first step** of the reforms initiated by the government was designed to make municipal elected officials the key intermediaries regarding local and regional development, and to encourage them to act as true agents of development. Accordingly, two major transformations were made to the organization of local and regional authorities.
 - The government created regional conferences of elected officers (CRE), two-thirds of whose members are municipal elected officers.
 - At the same time, the government bolstered regional county municipalities (RCM) by granting them responsibility for local economic development and support for entrepreneurship within their territory and placing local development centres (CLD) under their authority.
- The **second step** was taken on October 14, 2004, at the conclusion of the regional forums and the Forum of the Generations. The government then entered into two memorandums of understanding (MOU), with representatives of municipal associations and the chairs of the CRE respectively.
 - The memorandum of understanding entered into with municipal associations resulted in a joint undertaking to decentralize public-sector responsibilities. The Table Québec-municipalités was selected as the mechanism for discussions on decentralization and setting out a new fiscal pact between the government and the municipalities.
 - The memorandum of agreement reached with the chairs of the CRE was implemented in the course of the work done by the Table Québec-régions. This second MOU cleared the way for the regionalization of services, adaptation of standards and programs to the realities of the regions, and the determination of partnership initiatives.

The new *National Policy on Rurality* has provided a response to the aspirations of rural communities, providing them with tools that fit their needs.

- The government has initiated the **third step** in the enhancement of local and regional autonomy with the conclusion of a new fiscal and financial partnership with the municipalities for 2007-2013 and the signature, currently in progress, of rural pacts covering the same period.

The *Strategy for the Development of Every Region* allows the government to carry out this third step more speedily.

Greater resources, stronger autonomy

The announced measures correspond to two approaches the government is deploying simultaneously.

- **Additional resources** are being offered to the regions and **will be placed under their authority**, with two specific components stipulated for Montréal and Québec City. In this way, the government is providing every region with new resources and changing how things are done so that greater autonomy can be applied in using these resources.
- The government is also allocating **additional resources** in programs **under its direct responsibility**. Here, the government is adding further means under initiatives it administers, but adapted to the situation of each region.

The *Strategy for the Development of Every Region* represents a new phase in the support extended to Québec's regions.

- The government will allocate **\$825 million over the next five years** for the benefit of every region in Québec.
- At the same time, the government is defining **new ways of doing things** under which every region of Québec will have more power to shape its development.

Concerning the specific components regarding Montréal and Québec City, the measures deployed in the *Strategy for the Development of Every Region* are in addition to initiatives previously announced.

- Québec City has received \$110 million for festivities celebrating the 400th anniversary of its founding, and will also receive close to \$300 million in additional revenue during the 2007-2013 on account of the agreement on a new fiscal and financial partnership with the municipalities.
- Under the same agreement, Montréal will receive close to \$900 million in supplementary revenue over the next seven years.

TABLE 1

Strategy for the Development of Every Region

(millions of dollars)

	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	TOTAL
1 - Additional resources under the control of the regions						
Fonds de développement régional (FDR) – under the authority of the CREs – for CRE funding, adaptation of government programs and economic diversification assistance	55	55	60	65	65	300
Economic development efforts piloted by the regions						
– <i>Support for the development of regional niches of excellence – ACCORD projects</i>	10	12	17	18	18	75
– <i>Improved entrepreneurship supported by the regional CLDs</i>						
– <i>Support for business start-up projects</i>	7	12	13	14	14	60
– <i>Financial support for the preparation of business projects</i>	4	5	7	7	7	30
Subtotal	21	29	37	39	39	165
Support for the development of Québec's capital ¹	5	5	5	5	5	25
Support for the economic development of Montréal	17	18	35	35	35	140
Funding for regional natural resource and land commissions	9	9	9	9	9	45
Subtotal	107	116	146	153	153	675
2 - Additional resources allocated to government programs for the regions						
Support for investment and business productivity						
– Increase in funding for the economic projects support program (PSPE)	7	7	10	12	12	48
– Support to businesses to improve productivity	7	8	11	12	13	51
Support for the mining sector	7	7	7	—	—	21
Support for farming and fisheries	5	5	5	5	5	25
Tourism in the regions	5	—	—	—	—	5
Subtotal	31	27	33	29	30	150
TOTAL – Strategy for the development of every region	138	143	179	182	183	825

1 Amounts to which is added \$110 million allocated for the celebrations of the 400th anniversary of the founding of Québec City.

A strategy adapted to the needs of each region

The *Strategy for the Development of Every Region* is adapted to the needs of every region in Québec.

Eschewing “one-size-fits-all” solutions, the government is defining measures that respond to the situation on the ground – from providing additional resources to Montréal and Québec City to responding to the specific needs of certain areas or encouraging promising projects in certain regions.

The strategy acts on the government's commitments by taking into account the needs expressed by the resource regions and RCMs of central regions that justify targeted support. It acknowledges the need to return to these territories part of the royalties collected on the development of natural resources, by enhancing many of the initiatives announced for their benefit.

The *Strategy for the Development of Every Region* also brings substantial resources to bear to enable Montréal and Québec City to support their economic development.

A strategy that is an integral part of the government's economic policy

The *Strategy for the Development of Every Region* is a major component and an integral part of the government's economic policy

Accordingly, the strategy confirms the essential position of regional policies in the government's overall economic action.

The *Strategy for the Development of Every Region* will contribute to Québec's prosperity in the same way as the *Québec Research and Innovation Strategy* and the *Québec Energy Strategy*, the various sector-based policies implemented in recent years and the government's tax assistance measures for business.

The government, through the strategy it is implementing, is pursuing the action successfully taken since April 2003 in favour of the regions and the development of all of Québec, and is giving it new impetus.

TABLE 2

Québec's administrative regions – 2006 population and 2005 gross domestic product

Administrative regions of Québec	Population	GDP
	(Number)	(\$ million)
Bas-Saint-Laurent (01)	201 692	5 314
Saguenay–Lac-Saint-Jean (02)	274 095	8 837
Capitale-Nationale (03)	671 468	23 894
Mauricie (04)	260 461	7 094
Estrie (05)	302 161	9 088
Montréal (06)	1 873 971	92 930
Outaouais (07)	347 214	8 777
Abitibi-Témiscamingue (08)	144 835	4 176
Côte-Nord (09)	95 948	4 255
Nord-du-Québec (10)	40 637	1 601
Gaspésie–Îles-de-la-Madeleine (11)	95 872	2 028
Chaudière-Appalaches (12)	397 827	11 809
Laval (13)	376 845	9 835
Lanaudière (14)	434 872	8 453
Laurentides (15)	518 621	13 359
Montérégie (16)	1 386 963	38 239
Centre-du-Québec (17)	228 049	7 114
Québec	7 651 531	256 801

Source: Institut de la statistique du Québec.

1. ADDITIONAL RESOURCES UNDER THE CONTROL OF THE REGIONS

The government is allocating **\$675 million** to the regions through programs and initiatives **under their control**.

- This additional funding will streamline operation of the **Fonds de développement régional** and give the recipient regions greater autonomy.
- The government is significantly bolstering the assistance granted for **economic development efforts piloted by the regions**, be it the promotion of niches of excellence or improvement of the entrepreneurial base of the regions.
- The government is supporting **development of Québec's capital**.
- The government is providing **targeted and substantial resources to Montréal**, Québec's metropolis, to ensure implementation of its strategic initiatives.
- The government is giving the new **regional natural resource and land commissions** the means to fulfil their mandate.

TABLE 3

Strategy for the Development of Every Region – Additional resources under the control of the regions

(millions of dollars)

	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	Total
Fonds de développement régional (FDR) – under the authority of the CREs –for CRE funding, adaptation of government programs and economic diversification assistance	55	55	60	65	65	300
Economic development efforts piloted by the regions						
– <i>Support for the development of regional niches of excellence – ACCORD projects</i>	10	12	17	18	18	75
– <i>Improved entrepreneurship supported by regional CLDs</i>						
– <i>Support for business start-up projects</i>	7	12	13	14	14	60
– <i>Financial support for the preparation of business projects</i>	4	5	7	7	7	30
Subtotal	21	29	37	39	39	165
Support for the development of Québec's capital ¹	5	5	5	5	5	25
Support for the economic development of Montréal	17	18	35	35	35	140
Funding for regional natural resource and land commissions	9	9	9	9	9	45
TOTAL – Additional resources placed under the regions' authority	107	116	146	153	153	675

1. Amounts to which is added \$110 million allocated for the celebrations of the 400th anniversary of the founding of Québec City.

1.1 **\$300 million for the Fonds de développement régional: giving the regions greater power**

The annual envelope of the Fonds de développement régional for 2006-2007 had been set at \$38 million.

The envelope is being raised to **\$55 million** as of 2007-2008, for an immediate increase of over 40%. It will be further increased to **\$65 million** as of 2010-2011.

These additional resources will give the Fonds de développement régional a total budgetary envelope of **\$300 million** over the next five fiscal years.

- The heightened funding will enable the regional conferences of elected officers to benefit fully from the opportunities currently available to them under the Fund's operating rules but which, in practice, have been virtually inaccessible due to the limited budgets.

The CREs will thus be able to reach agreements with government departments and agencies for adapting existing programs to fit their specific needs; for example, they will be able to choose the program they wish to augment with resources available through the Fund based on the projects they want to support.

- The CREs will be able to allocate additional resources to the diversification of regional economies. It is important to the government that a portion of the funding currently available be used to diversify wealth-creating initiatives.
- The CREs will also have more resources at their disposal for forging partnerships with social economy businesses and local players for the purposes of fostering the development and growth of these businesses in all regions of Québec.
- The government wants to go a step further in streamlining the Fund's operating rules by authorizing the funding of projects involving private partners, something that is not currently possible. The normative framework of the Fonds de développement régional will be modified accordingly.
- In addition, the government hopes that the CREs will use the additional resources available through the Fonds de développement régional to support the development of decentralization projects. This is a matter of encouraging CREs to define, with interested local and regional county municipalities, projects aimed at delegating certain responsibilities.

Regional conferences of elected officers and the Fonds de développement régional

Regional conferences of elected officers

The regional conferences of elected officers (CRE) were established in 2003 as regional consensus-building and planning bodies composed of a majority of elected municipal officials (mayors of local municipalities and wardens of regional county municipalities) plus representatives of the various socioeconomic sectors they serve.

The mandate of CREs consists in:

- evaluating local and regional planning and development bodies funded in whole or in part by the government;
- promoting concerted action among partners in the region and, where warranted, giving advice to the Minister on regional development matters;
- establishing and implementing a five-year development plan for their region, taking foremost account of the young people's and women's participation in the democratic life of the region;
- entering into specific agreements with government departments or bodies in order to implement special projects that are in line with regional priorities.

A CRE is the primary interlocutor of the government for the territory or community it represents as regards regional development.

Québec has 21 CREs, one for each administrative region of Québec except for Montérégie and Nord-du-Québec, which have three CREs each.

Fonds de développement régional

The Québec government funds the activities of the CREs through a regional development fund called the Fonds de développement régional (FDR). The envelope of the fund is being increased to \$300 million for the next five years.

The sums making up the Fund are shared among the CREs to finance measures provided for in specific agreements entered into between a regional conference of elected officers, a government department or body and, where applicable, any other partner.

Under the current normative framework, the Fund may be dedicated to three types of expenditure:

- financing of the operation of CREs;
- financing of the activities defined in specific agreements, provided that the projects funded and the recipient bodies satisfy certain eligibility requirements;
- financing of any other activity pursued by a CRE, provided that the projects and bodies are eligible for funding.

In practice, the resources available in the Fonds de développement régional are mainly used to finance the operation of CREs and enable regional consensus-building and planning activities. The current level of resources is insufficient to authorize meaningful participation by CREs in development initiatives or projects with a structuring effect.

The significant increase in the Fund's budgetary envelope will enable CREs to better exploit the possibilities offered by the current normative framework.

Aboriginal Initiatives Fund

During the October 2006 First Nations Socioeconomic Forum, the government announced the creation of the Aboriginal Initiatives Fund as a lever to stimulate the socioeconomic development of Aboriginal communities.

The Fund has a five-year financial assistance budget of \$125 million.

This budget is divided among the five components of the Fund, as follows:

- \$55 million for economic development;
- \$35 million for community infrastructures;
- \$5 million for loan guarantees;
- \$5 million for community action;
- \$25 million for support for consultation.

1.2 **\$165 million over five years for economic development efforts piloted by the regions**

The government is freeing up \$165 million over five years to support economic development projects piloted by the regions.

This funding will be used to:

- further invest in niches of excellence;
- improve the entrepreneurial base of the regions.

1.2.1 **\$75 million for niches of excellence**

Every region of Québec has undertaken initiatives to develop their economy around niches of excellence, or industrial clusters in the case of Montréal and Laval. The objective of niches of excellence is to establish a strategy and a short-, medium- and long-term action plan for developing the niches selected by each region.

- A huge collective effort has been made in every region by rallying representatives from the private sector, research centres and educational institutions.
- This effort has resulted in the signing of memoranda of understanding between the government and 14 of the 15 regions concerned. The agreement with the Capitale-Nationale region will be signed shortly.
- Concretely, each region has established working action plans for niches they are sure can be successfully developed. For example, the Mauricie region chose value-added paper and associated technologies along with metal processing technologies, while the Bas-Saint-Laurent region is focusing on marine resources, sciences and technologies, development of peat, and agroenvironmental technologies.

All that remains is for the regions to implement their action plans. A budget of \$17.5 million has already been allocated for that purpose: \$7.5 million in 2006-2007 and \$5.0 million for each of the following two fiscal years.

- The government is increasing the resources allocated to supporting and developing niches of excellence **more than five-fold**, raising the budgets available to the regions to **\$92.5 million** over the next five fiscal years.
 - The government will inject **\$75 million more** into the Fonds de soutien au développement des créneaux d'excellence (support fund for the development of niches of excellence) between now and 2011-2012.
 - Starting in 2007-2008, the resources allocated to niches of excellence are being tripled from \$5 million to \$15 million through an **added injection of \$10 million**.
- The funding and assistance provided to the resource regions will be more generous than those offered to the central regions.
- The government will make full use of existing programs to round out the major effort deployed to promote niches of excellence.
 - The government undertakes to give priority to projects relating to these niches, through existing economic development support programs.
 - These programs are the programs administered by the ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE), by Investissement Québec and by the Société générale de financement du Québec.

Development of niches of excellence: ACCORD project

The purpose of the ACCORD (Action concertée de coopération régionale de développement) project is to develop **niches of excellence** that will enable each region of Québec to position itself in North America as well as on the world stage in sectors of activity in which it believes it has strengths and specific assets and can be an economic leader.

- The ACCORD project mobilizes businesspeople, research centres, educational institutions, regional economic players and the government and makes them participants in a vision, strategy and concrete action plan for developing the niche over the short, medium and long terms.
- Agreements have been signed between regional representatives and the government to develop the niches of excellence. The main aim of the agreements is to support the implementation of the action plans prepared by the regions, which focus on, among other things, business and market development, the development of entrepreneurship, R&D and innovation projects, worker training, and participation in the creation of research organizations specialized in the niches identified.

Nearly 700 people from the private sector, the institutional sector and civil society are currently participating in the ACCORD regional committees and niche committees (almost 50% are from the business community).

To date, 14 of the 15 regions concerned have entered into a memorandum of understanding with the government, defining their niches of excellence.

The Capitale-Nationale region should be signing an MOU soon (6 niches). Montréal and Laval do not participate in the ACCORD program because they are developing industrial clusters with the Communauté métropolitaine de Montréal.

TABLE 4

List of niches of excellence selected by the regions under the ACCORD program

Abitibi-Témiscamingue	<ul style="list-style-type: none"> - Underground techno-mines - Wood construction systems 	<ul style="list-style-type: none"> - Grass-fed beef - Development of hydric resources²
Bas-Saint-Laurent	<ul style="list-style-type: none"> - Marine resources, sciences and technologies - Development of peat and agroenvironmental technologies 	<ul style="list-style-type: none"> - Transportation equipment and metal products² - Housing and construction²
Capitale-Nationale ¹	<ul style="list-style-type: none"> - Applied technologies - Life sciences - Health food 	<ul style="list-style-type: none"> - Advanced metals and materials - Tourism: cultural heritage and nature - Insurance
Centre-du-Québec	<ul style="list-style-type: none"> - Land transportation equipment - Special vehicles and recreational products - Technologies and logistics systems for recovering and reusing residual materials 	<ul style="list-style-type: none"> - Cheese products - Furniture and milled wood - Technical textiles - Specialty paper
Chaudière-Appalaches	<ul style="list-style-type: none"> - Composites and plastics - Wood finish and imitation wood products - Furniture 	<ul style="list-style-type: none"> - Technical textiles - Environmental technologies related to livestock production and processing
Côte-Nord	<ul style="list-style-type: none"> - Industrial process engineering—mining and metallurgy - Marine resources, sciences and technologies - Use of the boreal forest and processing of its products 	<ul style="list-style-type: none"> - Phyto-genetics, and potato and nordic berry production² - Energy production, transmission and storage²
Estrie	<ul style="list-style-type: none"> - Manufacturing of rubber, plastic and composite components for use in the manufacturing and assembly of transportation equipment - Processing of imitation wood and composites 	<ul style="list-style-type: none"> - Advanced electronics for information technologies - Environmental bioindustries - Health biotechnology
Gaspésie—Îles-de-la-Madeleine	<ul style="list-style-type: none"> - Marine resources, sciences and technologies - Recreational tourism (nature and health) - Wind energy 	<ul style="list-style-type: none"> - Value-added forest products (fir and trembling aspen)²
Lanaudière	<ul style="list-style-type: none"> - Complex structures and metal components - Furniture: secondary and tertiary processing - Agrifood processing 	<ul style="list-style-type: none"> - Development of plants and plant biotechnology - Decentralized management of drinking water and wastewater²
Laurentides	<ul style="list-style-type: none"> - Year-round resort tourism - Mixed forest use and processing: value-added products 	<ul style="list-style-type: none"> - Prepared foods and meals - Sophisticated land transportation
Mauricie	<ul style="list-style-type: none"> - Value-added paper and associated technologies - Metal (magnesium and titanium) processing technologies 	<ul style="list-style-type: none"> - Hydrogen and electrotechnologies - Industrial bioprocesses² - Furniture²
Montérégie	<ul style="list-style-type: none"> - Biofood - Processing of ferrous metals, and new associated materials - Advanced land transportation equipment technologies 	<ul style="list-style-type: none"> - Value-added manufacturing in aeronautics - Film - High value-added manufacturing of microelectronic components
Nord-du-Québec	<ul style="list-style-type: none"> - Cogeneration, reuse of forest waste and primary wood processing - Nordic tourism: cultural diversity and adventure tourisms - Production and accumulation of renewable energy² 	<ul style="list-style-type: none"> - Consolidation and diversification of northern mineral exploration and mining - Northern agro-biofood production²
Outaouais	<ul style="list-style-type: none"> - Hardwood production and processing - Integration of business technologies and processes 	<ul style="list-style-type: none"> - Language technologies - Software development²
Saguenay-Lac-Saint-Jean	<ul style="list-style-type: none"> - Aluminum processing - Adventure tourism and ecotourism - Development of genomic and biomedical innovations - Value-added products 	<ul style="list-style-type: none"> - Secondary and tertiary processing of wood from the boreal forest² - Northern farming² - Industrial minerals²

1 Agreement signed soon.

2 Niches selected by the regions for evaluation and not yet covered by an agreement with the government.

1.2.2 \$90 million to improve the entrepreneurial base in the regions

In every region of Québec, including Montréal and Québec City, local entrepreneurship enjoys on-the-ground support through regional county municipalities and the local development centres (CLD) under their authority.

- Firmly rooted in their community, CLDs provide extremely valuable support to every entrepreneur or future entrepreneur looking to start a business. Young entrepreneurs account for over a third of the CLD clientele base.
- The support for entrepreneurship provided through CLDs is of a different level than that for the development of niches of excellence: the purpose of the former is to provide concrete support to individuals with a business project, being fully aware that these entrepreneurs or future entrepreneurs are the key to future wealth creation.

It is important to the government to give the CLDs more means by focusing on three specific objectives, namely:

- supporting the creation of new businesses, especially businesses created by young people in the wake of the *Défi de l'entrepreneuriat jeunesse* and youth employment centres;
- supporting the next generation so that today's entrepreneurs can pass down their know-how and expertise and allow future generations to benefit from lessons learned;
- increasing survival rate of businesses that are less than three years old.

The government is allocating **\$90 million** to regional county municipalities (RCM) over the next five fiscal years. This sum breaks down as follows:

- **\$60 million** to enable CLDs to coach local entrepreneurs and support business start-up projects. These funds will therefore be managed at the local level. The new resources made available will be shared among the CLDs in resource regions and RCMs requiring special support and all of the other CLDs, in accordance with the existing rules. These rules account for the special needs of resource regions and these RCMs.
- **\$30 million** to be used specifically to stimulate new business projects and achievements in resource regions and RCMs in central regions that have special needs. In these regions, action needs to be taken further upstream if local entrepreneurship is to flourish. These funds will also be managed by the CLDs.

Resource regions and RCMs in central regions that have special needs

For the purposes of the programs administered by the ministère du Développement économique, de l'Innovation et de l'Exportation, 7 resource regions and 25 RCMs in central regions that have special needs were identified.

7 resource regions

Bas-Saint-Laurent	Côte-Nord
Saguenay-Lac-Saint-Jean	Nord-du-Québec
Mauricie	Gaspésie-Îles-de-la-Madeleine
Abitibi-Témiscamingue	

25 RCMs in central regions that have special needs

Regions	RCM
Capitale-Nationale:	Charlevoix, Charlevoix-Est, Portneuf
Centre-du-Québec:	Bécancour, L'Érable, Nicolet-Yamaska
Chaudière-Appalaches:	L'Amiante, Les Etchemins, L'Islet, Lotbinière, Montmagny, Robert-Cliche
Estrie:	Asbestos, Le Haut-Saint-François
Lanaudière:	D'Autray, Montcalm, Matawinie
Laurentides:	Antoine-Labelle, Argenteuil
Montréal:	Acton, Le Bas-Richelieu, Le Haut-Saint-Laurent
Outaouais:	La-Vallée-de-la-Gatineau, Papineau, Pontiac

1.3 \$25 million to support the development of Québec's capital

Québec City's economic successes are impressive. It is important to the government that the city strengthen its prosperity and thereby increase its visibility, which will only benefit Québec as a whole.

Under the agreement respecting a new fiscal and financial partnership with the municipalities, Québec's capital was guaranteed nearly \$300 million in additional revenue between now and 2013. Furthermore, in the 2005-2006 Budget Speech, the government allocated \$110 million to Québec City for the organization of the festivities celebrating the 400th anniversary of its founding.

The Strategy for the Development of Every Region allows the government to increase its support for Québec City.

— Québec City is a full participant in the development of niches of excellence. It is on the verge of signing an agreement with the government that defines six promising niches for the region:

- applied technologies;
- life sciences;
- health food;
- advanced metals and materials;
- tourism (cultural heritage and nature);
- insurance.

A strategy will be developed for each of these niches, including an action plan for the short, medium and long terms.

— Québec's capital also receives support for entrepreneurship through the CLDs within its territory.

- The new resources allocated to the RCMs for CLDs will therefore benefit current and future entrepreneurs in the region.
- In addition, three RCMs in the region – Charlevoix, Charlevoix-Est and Portneuf – were identified as RCMs that have special needs and, as such, are eligible for additional support.

The government intends to go further by offering Québec's capital means specifically aimed at preparing and starting to implement a development strategy.

- The government is therefore allocating **\$25 million** in funding to the Ville de Québec at a rate of **\$5 million** a year over the next five fiscal years.
- These resources will be used to prepare and start implementing a **comprehensive economic development plan** in consultation with the CRE and various local and regional authorities involved.

1.4 **\$140 million to support the economic development of Montréal**

Montréal plays a crucial role in the economic development of Québec as a whole.

A veritable city-region, Montréal is an exceptional asset for all of Québec in that Québec's development and enhanced wealth depend on the growth and prosperity of its metropolis.

Montréal must overcome major hurdles to position itself on the North American and world stages. Although it has definite means to succeed in this regard, it is not always able to fully employ those means, which is why Montréal's municipal authorities have made repeated representations to the government.

The Ville de Montréal has clearly defined its goals and action plan relating to economic development.

- In 2005, it unveiled an ambitious development strategy called “Imagining • Building Montréal 2025,” which spells out the city's development objectives and the means for achieving them.
- The development strategy was endorsed by the various regional authorities and, in particular, the Communauté métropolitaine de Montréal.

The government intends to support the deployment and implementation of this strategy and respond to the municipal authorities' requests by allocating **\$140 million** to the Ville de Montréal over the next five fiscal years. Montréal will receive **\$17 million** of this amount in 2007-2008.

These additional resources are in addition to the different means of support offered to Montréal under government programs.

They increase the \$899 million in funding between now and 2013 already guaranteed to Montréal under the agreement on a new fiscal and financial partnership with the municipalities.

The additional resources will also enable Montréal to speed up implementation of its development plan, in the best interest of Montrealers and Québec as a whole.

Imagining • Building Montréal 2025 – A World of Creativity and Opportunities

In 2005, the Ville de Montréal unveiled its development strategy *Imagining • Building Montréal 2025 – A World of Creativity and Opportunities*.

As stated in the plan, the overall objective is to make Montréal prosperous and an outstanding place to live.

The plan is built around five strategic initiatives:

- Montréal, a city of knowledge, creativity and innovation;
- Montréal, an avant-garde cultural metropolis;
- Montréal, a great place to live;
- Montréal, a city with efficient infrastructures;
- Montréal, a city open to the world.

For each of these initiatives, the development plan defines priority projects to shape tomorrow's Montréal.

Projects include supporting initiatives to encourage young people to choose scientific careers, building a network of efficient, computerized libraries and adopting an integrated approach to urban renewal, in addition to specific projects to improve public transit and enhance Montréal's reputation as a world-class conference and trade show centre.

Development of 15 industrial clusters is an integral part of the city's action plan. Some of those clusters are explained in greater detail in the action plan:

- aerospace;
- life sciences;
- information and communication technologies;
- nanotechnologies;
- film and audiovisual industry;
- biofood industry;
- petrochemicals.

The development strategy is clearly defined. It is just a matter of implementing it as soon as possible.

1.5 Regional natural resource and land commissions: \$45 million over the next five years

For years, the resource regions have been calling for greater participation in the development of their natural resources.

To achieve that goal, the government undertook a consultation and planning process which it intends to accelerate. The process involves every region of Québec except Montréal and Laval and flows directly from one of the recommendations made in the report of the commission for the study of public forest management in Québec (Coulombe report).

- In May 2006, the government announced an injection of \$13 million for the creation of natural resource and land commissions and the preparation of regional integrated resource and land development plans.
- The government is allocating **another \$45 million** over the next five fiscal years to ensure speedy implementation of the regional integrated resource and land planning process.

Regional natural resource and land commissions
<p>On May 17, 2006, the government approved the program to establish regional natural resource and land commissions.</p> <ul style="list-style-type: none">– The main function of the commissions will be to prepare and implement regional plans for integrated resource and land development.– Once they are fully operational, the commissions will be responsible for planning, building consensus on and promoting the sustainable development of their region's natural resources and land. <p>In this manner, the commissions will be able, through concerted action, to decide on development initiatives and opportunities for protecting and enhancing their region's land and natural resources. They will also be able to identify potential for wealth creation and develop implementation strategies in conjunction with the government.</p> <p>The government's goal in creating natural resource and land commissions is to provide regional elected officers with a credible, objective and competent body that can rally all of the regional players concerned around sustainable development objectives for their region's resources.</p>

2. ADDITIONAL GOVERNMENT RESOURCES

The government is not content to place more resources under the authority of the regions. The *Strategy for the Development of Every Region* includes a second component consisting of initiatives that affect programs administered by the government but adapted to the reality of the regions.

Accordingly, the government is adding **\$150 million**, over the next five years, to the budgets of many programs it administers to support the economic development of the regions.

In addition to these amounts, an ambitious contaminated site restoration plan primarily affecting the mining sector will be implemented immediately. The plan has long-term funding of **\$333 million**. Moreover, the fiscal measures the government has adopted in favour of the forest sector and farmers will have a financial impact of **\$79 million** over the next five years. In addition, the government is immediately setting aside **\$9.8 million** to support a tourism project concerning the Ville de Saguenay.

The supplemental funding the government has committed from the programs it administers directly has five objectives:

- support for investment and productivity in the regions;
- support for the mining sector;
- support for the forest sector;
- support for farming and fisheries;
- tourism in the regions.

TABLE 5

Strategy for the Development of Every Region – Additional resources allocated to government programs for the regions

(millions of dollars)

	2007- 2008	2008- 2009	2009- 2010	2010- 2011	2011- 2012	Total
Support for investment and business productivity						
- Increase in funding for the economic projects support program (PSPE)	7	7	10	12	12	48
- Support to businesses to improve productivity	7	8	11	12	13	51
Support for the mining sector	7	7	7	—	—	21
Support for farming and fisheries	5	5	5	5	5	25
Tourism in the regions	5	—	—	—	—	5
TOTAL – Additional resources allocated to government programs for the regions	31	27	33	29	30	150

2.1 \$99 million to foster investment and productivity

Québec's manufacturing sector faces major challenges as a result of increasing competition from emerging countries and a decline in competitiveness as a result of the higher Canadian dollar.

These challenges are particularly difficult for small and medium-size businesses, especially those seeking to enter new markets or develop new products.

And yet, manufacturing companies can capitalize on their know-how and create new wealth by developing new niches. At the same time, companies must continue to improve productivity, in particular by renewing and modernizing their equipment.

The *Strategy for the Development of Every Region* enables the government to further bolster its support for companies in every region of Québec for this purpose.

As part of the *Strategy for the Development of Every Region*, the government is adding **\$99 million**, over the next five fiscal years, to existing efforts to support investment and productivity in the regions.

- The government is allocating an extra **\$48 million** to the economic projects support program administered by the MDEIE. The resources available under this program are being increased by \$7 million in 2007-2008.
- The government is also announcing the deployment of “productivity assessment and advisory” teams serving the regions of Québec. Resources of **\$51 million** are being allocated to this new initiative, including \$7 million in 2007-2008.
 - The teams will provide manufacturing companies in the regions that request it with a complete and detailed assessment of their productivity and will then formulate recommendations.
 - Once the assessment is made, the companies concerned will have access to financial assistance to implement the recommendations made by the teams to improve their productivity and competitiveness. This assistance will be provided through regular business support programs.
 - The teams will be trained by a university institution, selected by public tender. Business associations may be called on to formulate support and assistance programs adapted to the needs of their members.

The Economic Project Support Program

The economic project support program sustains investments and product development projects carried out by small and medium-size enterprises in every region of Québec.

- The purpose of the program is to diversify regional economic activity and encourage the creation of sustainable quality jobs in the regions.
- Moreover, the program seeks to encourage businesses to develop new products on an ongoing basis as part of a formal product development process and a structured approach integrating efficient practices and technologies.

The program is geared to for-profit private enterprises, including cooperatives whose activities are similar to those of a for-profit private company, and to groups of companies.

Since June 2006, the program has been available in every administrative region of Québec.

2.2 Support for the mining sector

Québec has experienced rapid and impressive development of its mining sector since 2003.

- Over the last four years, twelve mining projects have been initiated and are in progress, for a total of more than \$1.5 billion in investment with 4 300 permanent jobs created or maintained.
- Ten other equally attractive investment projects are currently in preparation.
- In 2006, mining exploration in Québec posted its best performance in the past twenty years, with investments of more than \$260 million.

This genuine economic boom is helping to develop a particularly attractive mineral potential. It is attributable to the high prices for metals, as well as to the tax régime Québec offers to stimulate mining exploration – one of the most favourable régimes in the world.

This support must be continued: it is important to complete the support for research and exploration of future mining sites, while resolving as quickly as possible the problem of the contamination of former development sites.

2.2.1 Evaluation of mining potential

As part of the *Strategy for the Development of Every Region*, the government is adding extra funding of **\$21 million**, over the next three fiscal years, to improve the quality of the inventory of mining potential.

These funds will be earmarked for Géologie Québec, whose mandate is to identify strategic geographic sectors for exploration work and to promote the mining potential of Québec's regions, within a framework of sustainable development.

2.2.2 Restoration of contaminated sites

In the wake of the *Sustainable Development Act*, passed in April 2006, the government is undertaking a major plan to restore contaminated sites, chiefly mining sites, backed by long-term funding.

According to the inventory the government has recently drawn up, more than 400 contaminated sites fall under Québec's responsibility.

- The restoration plan will be applied over ten years, beginning immediately.
- Its cost, estimated at **\$333 million**, will be entered in the financial statements as an "environmental liability".
- The government will also adopt a contaminated site management policy to draw up an inventory, classify and apply standardized management to contaminated sites under its responsibility.

2.3 Support for the forest sector

The prosperity of many of Québec's regions is tied directly to forest-related activities. To foster the rapid recovery of Québec's forest sector, the government implemented, in the fall of 2006, a support plan providing \$1.4 billion in assistance over the period 2007-2010.

The plan is already beginning to produce results:

- The measures taken by the government have been of direct benefit to 6 500 workers in the forest sector.
- As part of the support plan, business projects valued at \$500 million have been filed.
- Projects worth almost \$80 million have been submitted to build and repair forest bridges and roads.
- The government has entered into twenty diversification and development projects with the RCMs in question.

The government is adding a new tax initiative to this package of measures.

- In the 2006-2007 Budget Speech, the rate of the capital tax credit was raised to 15% for investments in primary processing of wood products as part of the forest industry assistance plan.

This measure is a significant incentive for the renewal of manufacturing equipment and, consequently, improved productivity of forest-sector plants in Québec.

The government is extending the application period of this credit from December 31, 2009 to December 31, 2012 to enable forest-sector companies to plan their investment projects over a longer term.

- This extension represents support for the forest industry of **\$45 million** over the next five years.

TABLE 6

Support plan for the forest sector - 2007-2010

(millions of dollars)

	Amount
1. Work force	
Targeted initiative for elderly workers	10.0
Maintenance of remuneration during training	4.6
Increase in the amount for early retirement from \$4 000 to \$6 000 per year for three years	9.0
Program of support for elderly workers (55-59 years of age) who are laid off	31.2
Subtotal	54.8
2. Communities	
Fund to support territories experiencing difficulties	6.0
Fund to support single-industry municipalities	39.0
Subtotal	45.0
3. Financing support	
Loans for working capital and consolidation	150.0
Projects for investment in and the acquisition of assets	275.0
Subtotal	425.0
4. Forest management	
Increase from 40% to 90% in the tax credit for forest access structures	132.0
Silvicultural investment strategy:	
– Measure aimed at full reforestation	45.0
– Protection of silvicultural investments and other infrastructures in the forest	20.0
Subtotal	197.0
Total	721.8
Measures in the 2006-2007 Budget ¹	480.0
Measures in the 2005-2006 Budget	167.3
GRAND TOTAL	1 369.1

1 Excluding the loan envelope of \$425 million.

2.4 Support for farming and fisheries

In many regions of Québec, farming and food activities are the chief source of wealth. Moreover, farmers play an essential role in the vitality of the regions, the maintenance and preservation of the territory, and a vibrant rural lifestyle.

The Commission on the future of Québec agriculture and agri-food carried out an extensive analysis and examination of the major issues facing Québec's farming community. In a few months, the Commission will submit its recommendations to the government.

While not wishing to anticipate the conclusions that will be formulated at that time, the government is announcing immediately that it will earmark **\$25 million**, over the next five fiscal years, for two specific goals, namely:

- support for the implementation of the initiatives proposed at the Forum québécois des partenaires des pêches;
- support for Québec food processing leaders.

The government is also announcing a fiscal measure in favour of farmers and fishers that represents support of **\$34 million** over the next five years.

2.4.1 Support for the implementation of the initiatives proposed at the Forum québécois des partenaires des pêches

The government is announcing financial support of **\$10 million** for the implementation of initiatives that will be proposed by the various committees of the Forum québécois des partenaires des pêches.

To that end, additional funding of \$2 million per year will be allocated to the ministère de l'Agriculture, des Pêcheries et de l'Alimentation over the next five years.

- These funds will support the efforts of the harvesting, processing and commercialization sectors of the fisheries industry to improve productivity.
- The terms and conditions of the financial assistance will be detailed at a later date by the Minister of Agriculture, Fisheries and Food.

2.4.2 Support for Québec food processing leaders

Québec has numerous companies that are true leaders in the food processing sector. Many of these companies have successfully penetrated export markets.

These companies face major challenges.

- They are confronted by increasingly stiff competition on Canadian and foreign markets.
- They must serve ever larger markets and to do so, must make major investments or significant acquisitions.

To support these companies, the government is allocating **\$15 million**, over five years, to a program to support the development of leading regional companies.

- The management details of the program will be defined later by the ministère de l'Agriculture, des Pêcheries et de l'Alimentation, in cooperation with the Conseil des entrepreneurs de transformation alimentaire Québec.
- To that end, additional funding of \$3 million per year will be allocated to the ministère de l'Agriculture, des Pêcheries et de l'Alimentation over the next five years.

2.4.3 A fiscal measure that benefits farmers and fishers

To foster investment by farming and fishing corporations, the government is increasing the specific deduction applicable to these corporations in the calculation of the tax on capital from \$400 000 to \$5 million.

- This measure will result in 99% of farming and fishing corporations, i.e. a little more than 7 000 corporations, being exempted from the tax on capital.
- The government, through its action, is thus injecting \$9 million this year into the working capital of these corporations and \$6 million on a recurring basis once the plan to reduce the tax on capital is complete.
- Over the next five years, this fiscal measure therefore represents support of **\$34 million** in favour of farmer and fishers.

2.5 Tourism in the regions

Tourism is a major activity for all of Québec. In 2005, 54 million visitors generated tourism revenue estimated at \$10.2 billion. Spending by international travellers accounted for 24% of that amount.

Tourism is present in every region, offering jobs and creating wealth in a wide variety of ways throughout Québec.

The government plans to increase its existing support for the tourism sector by raising the current funding of the ministère du Tourisme by **\$5 million** in 2007-2008.

- Half of this amount, i.e. \$2.5 million, will be applied to fund festivals and tourist events in Québec.
- The remaining \$2.5 million will be set aside to promote the regions of Québec on international markets. The objective is to enable every region of Québec to face the increasingly keen competition among destinations. This additional funding takes particular aim at promotion among foreign tourists.

The government intends to support a particularly promising project in the cruise industry: the government undertakes to fund part of the development of the A.-Lepage pier, in Saguenay, as part of the future *Strategy for the Sustainable Development and Promotion of International Cruises on the St. Lawrence*. Québec's contribution has been set at **\$9.8 million**, out of a total investment of \$29.4 million.

Promotion of international cruises on the St. Lawrence

The cruise industry is enjoying vigorous growth. Many cities in Québec, located near the St. Lawrence water system, have great potential in this field – particularly because of their accessibility to exceptional resort and excursion sites.

The ministère du Tourisme is finalizing, working with the Economic Development Agency of Canada, a *Strategy for the Sustainable Development and Promotion of International Cruises on the St. Lawrence*. The first initiative under this strategy will be to invest in the development of the A.-Lepage pier in Saguenay so it can accommodate larger cruise ships.

However, this commitment remains conditional on the project satisfying all the procedures stipulated in the *Environment Quality Act*.

CONCLUSION

The *Strategy for the Development of Every Region* marks a new step in the government's efforts to increase the resources made available to the regions and to boost their autonomy.

Since 2003, striking progress has been made in these two areas. The strategy carries this impetus further, for the benefit of all of Québec's regions.

The government's strategy concerns every region of Québec.

However, it includes components that are specific to some of them.

- The resource regions will benefit from enhanced programs. Accordingly, the government is acting on its commitments by taking into consideration the needs expressed by the resource regions and the RCMs of the central regions that need targeted support. The government is returning to these territories a portion of the royalties collected on the development of natural resources, by enhancing many existing initiatives for their benefit.
- The strategy marshals substantial resources in favour of Montréal and Québec's capital. Over the next five years, Québec City and Montréal will receive significant amounts of specific assistance to support their economic development.

The *Strategy for the Development of Every Region* is a major new component of the government's economic policy.

It will sustain and contribute to Québec's prosperity, completing and amplifying the policies and strategies the government has defined over the last four years to improve the well-being of all Quebecers.

