

2001-2002 BUDGET

**NEARLY \$800 MILLION TO STIMULATE THE ECONOMY OF
THE RESOURCE REGIONS**

Québec City, March 29, 2001 –Deputy Prime Minister and Minister of State for the Economy and Finance Pauline Marois today tabled the Resource Regions* Economic Development Strategy in conjunction with the **2001-2002 Budget Speech**. The Québec government is injecting \$800 million into the implementation of this strategy, which aims to enhance the prosperity of Québec as a whole and improve our competitiveness on the world stage by stimulating the economy of the resource regions.

Ms. Marois stressed that “with the new set of tools we are putting at their disposal, the government is taking the necessary steps to ensure that the resource regions benefit from stronger economic growth and more robust job creation”.

The proposed strategy responds to the needs expressed by the regions. It builds on numerous consultations and is in line with the framework agreements reached with the Québec government. The measures provided for in the strategy are driven by three main focuses:

- increase the value-added and speed up the diversification of the regions’ economies;
- ensure the growth of the natural resource sector;
- facilitate the financing of SMEs and the creation of businesses.

“The rural areas of the targeted regions will benefit immensely from this acceleration, since they account for a large share of resource-based activity”, added Ms. Marois.

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

FOCUS 1: VALUE-ADDED AND DIVERSIFICATION OF THE ECONOMY

Zero tax for manufacturing SMEs

Starting tomorrow, manufacturing SMEs in remote resource regions will no longer pay income tax, tax on capital or payroll tax. Effective immediately, this measure is applicable until December 31, 2010. Over 1 500 SMEs are eligible for this tax holiday. Over the next three years, this measure will inject \$147 million into enterprises in remote resource regions.

A refundable tax credit for secondary and tertiary resource processing

The government is introducing a refundable tax credit equal to 40% of the wages paid for eligible new jobs related to secondary or tertiary resource processing. The tax assistance is accorded for a five-year period and applies to new jobs created since January 1, 2001. Enterprises in the wood, metal and food processing sectors and the energy sector are eligible for the tax credit. Over the next three years, this measure will inject \$65 million into the economy of the regions.

The government is also improving two existing tax measures, the refundable tax credit for the Vallée de l'aluminium and the refundable tax credit for Gaspésie—Îles-de-la-Madeleine.

\$145 million to diversify the economy, increase value-added and foster the emergence of niches of excellence

The government will invest \$145 million over three years to diversify the economy, increase the value-added of regional products and foster the development of niches of excellence in promising new sectors. This effort will enable the development of new types of production and the enhancement of farm, forest and mining products. It also targets the development of recreational tourism opportunities in the resource regions.

FOCUS 2: ENSURE THE GROWTH OF THE NATURAL RESOURCE SECTOR

\$265 million to support and strengthen natural resource development

The sum of \$126 million is earmarked to support forest resource development. The forest resource development program is therefore being renewed for another three years, while the forest job creation program, which plays a major role in labour force training and renewal, is being extended for one year.

The government is also taking a number of budgetary and fiscal actions to promote mining exploration. Two principal measures totalling \$138 million are being introduced to this end. A new tax credit will be granted to mining companies to bolster mining exploration, while the creation of the Fonds de diversification de l'exploration minière will broaden the array of mineral reserves.

Efforts will also be made to modernize Québec's fishing fleet over the next three years.

FOCUS 3: FINANCING OF SMEs AND CREATION OF BUSINESSES

\$170 million for development tools tailored to regional needs

To facilitate the financing of SMEs and the creation of businesses, the government is supplying the regions with development tools more tailored to their needs. Some \$44 million will be allocated to support entrepreneurship and \$87 million, to strengthen financing tools.

To support entrepreneurship, the government will be extending the economic project support program (PSPE), a successful component of the Gaspésie—Îles-de-la-Madeleine recovery plan, to the six other resource regions of Québec. Additional assistance will be granted to the local development centres (CLD) in the resource regions so that they are better equipped to assist entrepreneurs in their development efforts. Special attention will be given to the most vulnerable rural communities.

In terms of strengthening financing tools, the government is introducing an important new tax measure to support the creation of Capital régional et coopératif Desjardins, a fund aimed at fostering the capitalization of SMEs

and cooperatives. The fund will be required to invest a minimum amount in the resource regions.

The strength of the regions, an essential link in our economy

The various components of the Resource Regions Economic Development Strategy will be presented in detail in the coming weeks during a tour of these regions by the Deputy Prime Minister and Minister of State for the Economy and Finance, Pauline Marois, the Minister of State for Regions, Gilles Baril, and the Secretary of State for Resource Regions, Lucie Papineau.

– 30–

Source: Nicole Bastien
Press Officer
Officer of the Deputy Prime Minister and
Minister of State for the Economy and Finance
Tel. (418) 643-5270 or (514) 499-2551
www.finances.gouv.qc.ca