



# The strength of the regions

An essential link  
in our economy

## THE RESOURCE REGIONS

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

## ► Objectives of the strategy

- Support development of the resource regions' economic potential.
- Narrow the development gaps between these regions and Québec as a whole.
- Create and maintain an environment that is conducive to job creation, especially for young people.

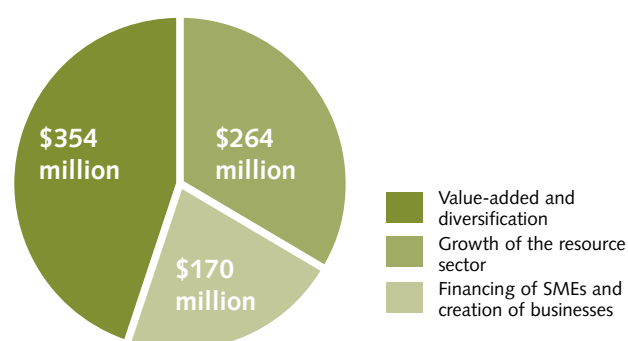
## ► Three focuses

- Increase the value-added and speed up the diversification of the economy.
- Ensure growth of the resource sector.
- Facilitate the financing of SMEs and the creation of businesses.

## ► A strategy that meets the needs expressed by the regions by:

- taking into account the priorities identified under the framework development agreements reached with regional stakeholders;
- building on the strengths of each region;
- targeting the development of their potential.

MAJOR SUPPORT FOR EACH FOCUS  
(in millions of dollars)



FINANCIAL IMPACT OF MEASURES ON THE RESOURCE REGIONS  
(in millions of dollars)

| Measures   | 2001-2002* | 2002-2003  | 2003-2004  | Total      |
|--|------------|------------|------------|------------|
| <b>Value-added and diversification of the economy</b>                    |            |            |            |            |
| Zero tax for manufacturing SMEs  | 41         | 52         | 54         | 147        |
| Tax credit for secondary and tertiary processing                         | 7          | 21         | 37         | 65         |
| Diversification of the economy and niches of excellence                  | 41         | 64         | 38         | 142        |
| <b>Ensuring the growth of the resource sector</b>                        |            |            |            |            |
| Support for forest resource development                                  | 61         | 33         | 33         | 126        |
| Support for mining exploration   | 36         | 51         | 51         | 138        |
| <b>Facilitating the financing of SMEs and the creation of businesses</b> |            |            |            |            |
|  | 51         | 64         | 55         | 170        |
| <b>Total</b>   | <b>237</b> | <b>284</b> | <b>267</b> | <b>788</b> |

Note: The sum of the amounts may not correspond to the total, because of rounding-off.

\* Including the budgetary measures totalling \$40.3 million in 2000-2001.

# development strategy for the resource regions: \$800 million over

## **First focus: Increase the value-added and speed up the diversification of the economy (\$354 million)**

### ► **Zero tax for manufacturing SMEs: \$147 million**

Manufacturing SMEs located in remote resource regions will be granted a tax holiday.

- Effective immediately, the tax holiday is applicable until December 31, 2010.
- 1 500 SMEs are eligible for the tax holiday.
- The average relief provided by the tax holiday will be \$36 000 per enterprise or \$1 900 per job, annually.

#### **TAX HOLIDAY FOR MANUFACTURING SMEs\***

| Eligible enterprises              | Tax holiday  | Eligibility period                    |
|-----------------------------------|--|---------------------------------------|
| • Incorporated manufacturing SMEs | • Income tax<br>• Capital tax<br>• General payroll tax | • March 30, 2001 to December 31, 2010 |

\*Enterprises with paid-up capital not exceeding \$10 million. Enterprises with paid-up capital of between \$10 million and \$15 million may claim a partial tax holiday.

### ► **A refundable tax credit for resource-processing activities: \$65 million**

Over the next three years, \$65 million will be injected into secondary and tertiary processing activities.

- A refundable tax credit equal to 40% of the wages of eligible new employees is being introduced.
- When it is fully implemented, this measure will represent assistance of \$70 million for a given year.

#### **REFUNDABLE TAX CREDIT FOR SECONDARY AND TERTIARY PROCESSING ACTIVITIES**

| Tax credit rate   | Tax holiday  | Eligibility period                               |
|---|--|--|
| • 40% of the wages of new employees for a maximum of five years<br>• Tax assistance: no maximum per job | • Processing*<br>- wood<br>- paper or cardboard products<br>- metals<br>- food<br>• Non-conventional energy<br>• Other | • Start-up date must be before December 31, 2004 |

\*Activities relating to the sawing of logs, the manufacturing of paper pulp, paper or cardboard and the primary processing of metals are not eligible for the tax credit. For other exemptions, see the budget documents.

### ► **\$142 million for diversification and niches of excellence**

Budgetary support in the amount of \$142 million is being provided to boost value-added in the regions and encourage the introduction of new activities related to:

- processing aimed at increasing the value-added of local products;
- diversification of agriculture;
- tourism development;
- development of niches of excellence;
- identification of promising niches.

#### **BUDGETARY MEASURES FOR DIVERSIFICATION AND NICHES OF EXCELLENCE**

(in millions of dollars)

|   | Total assistance over the next three years |
|---|--|
| Support for the diversification of regional agriculture | 14   |
| Bolstering of the regions' tourism development          | 36   |
| Development of niches of excellence                     | 44   |
| Fund to support the development of promising niches     | 29   |
| Other measures  | 19   |
| <b>Total</b>  | <b>142</b>                                 |

er three years

## Second focus: Ensure growth of the resource sector (\$264 million)

To ensure the medium and long-term growth of the resource sector, the government is:

- allocating \$126 million to sustainable forest resource development;
- supporting mining exploration through budgetary and tax measures totalling \$138 million.

### BUDGETARY MEASURES FOR SUSTAINABLE FOREST RESOURCE DEVELOPMENT (in millions of dollars)

|                                     | Total assistance over the next three years |
|-------------------------------------|--|
| Forest resource development program | 97   |
| Forest job creation program         | 26   |
| Other measures                      | 3  |
| <b>Total</b>                        | <b>126</b>                                 |

## Third focus: Facilitate the financing of SMEs and the creation of businesses (\$170 million)

The government will supply the regions with tools better adapted to project financing and the creation of businesses.

- Measures totalling \$44 million will be implemented to support entrepreneurship, notably:
  - bolstering of the economic action of CLDs;
  - investment funds for women's entrepreneurship;
  - assistance for innovation, and business retention and expansion.
- \$87 million will be earmarked for the creation and strengthening of financing mechanisms, notably:
  - economic project support program;
  - Capital régional et coopératif Desjardins;
  - working capital assistance program;
  - financing of SMEs by Garantie Québec.
- \$40 million will be earmarked for various other measures, notably the modernization of fishing boats.

### TAX AND BUDGETARY MEASURES FOR THE FINANCING OF SMEs AND THE CREATION OF BUSINESSES (in millions of dollars)

|  | Total assistance over the next three years |
|--|--|
| Support for entrepreneurship                       | 43   |
| Creation and strengthening of financing mechanisms | 87   |
| Other measures                                     | 40   |
| <b>Total</b>                                       | <b>170</b>                                 |

## ► A strategy that contains additional measures for each region

In the weeks following the tabling of the **2001-2002 Budget Speech**, the government will be visiting each resource region to present the details of the measures concerning it.

## ► Concrete support for rural areas

A total investment of over \$200 million will contribute directly to stimulating the economy of rural areas in resource regions.

Rural areas account for a significant share of economic activity and opportunities for natural resource conservation and development and their processing into diverse value-added products.

Measures that will support rural areas in the following sectors:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• Forestry</li> <li>• Mining</li> <li>• Agriculture</li> <li>• Fisheries</li> <li>• Wildlife</li> </ul> | <ul style="list-style-type: none"> <li>• Conservation</li> <li>• Development</li> <li>• Further processing</li> <li>• Diversification</li> </ul> |
|--|--|

## ► Implementation of the strategy in conjunction with local and regional authorities

Implementation of the strategy at the regional level will be coordinated by a regional committee.

### Mandates:

- Implement and monitor the policy.
- Identify niches to be developed in the region concerned.
- Periodically submit reports to the government.

Each regional committee will be composed of:

- the assistant deputy minister responsible for the region at the ministère des Régions;
- one representative from various departments;
- one representative of the regional development council (CRD);
- one representative of the region's local development centres (CLD);
- other partners as needed.

## ► A broad-based effort

In addition to the Resource Regions Economic Development Strategy, the **2001-2002 Budget Speech** contains a set of measures that will have a major impact on the economy of all Québec's regions, including, of course, the resource regions.

- FAIRE program.
- Stepping up of road infrastructure investments.
- Personal income tax reduction of \$3.5 billion.
- Increase in budgets for health, education, culture and the fight against poverty.



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