

Section 2

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1. NEW INITIATIVES IN THE FIGHT AGAINST POVERTY AND EXCLUSION

1.1 Increase in social assistance benefits

To improve the situation of recipients, the benefit paid under the employment-assistance program to persons that do not have a severely limited capacity for employment will be increased 2.5% beginning on June 1, 2001. Households receiving employment assistance and in which the persons are able to work (currently some 250 000 households) will be eligible for an increase in their monthly benefit ranging from \$12 to \$23, depending on their composition.

The ministère de l'Emploi et de la Solidarité sociale will receive \$30 million for 2001-2002 in order to provide this financial support, and \$36 million for subsequent years. The necessary appropriations for 2001-2002 will be drawn from the contingency fund.

1.2 Creation of the Action emploi program

In an effort to encourage employment-assistance recipients to return to work, the government will implement a program called "Action emploi". Under the program, financial assistance will be granted for a maximum of three years to long-term recipients who obtain a full-time job in 2002.

☐ Promoting job market reintegration

Over the past few years, the government has stepped up its efforts in the fight against poverty by emphasizing the social and economic reintegration of the most disadvantaged members of our society. This approach not only immediately improved the situation of the least affluent, but also promoted re-entry into the job market.

The income security system has therefore been directed more toward ongoing support for recipients to help them find work (Destination emploi program) and toward support for young people looking to enter the job market (Solidarité jeunesse program).

To continue our efforts along these lines, a back-to-work income supplement program for long-term recipients of employment-assistance benefits will be introduced. The supplement, together with the ongoing support and assistance measures, will help recipients to both integrate and remain in the job market.

The Minister of State for Labour, Employment and Social Solidarity and the Minister for the Elimination of Poverty and Exclusion will reveal the particulars of this measure during the course of the year.

☐ Description of the Action emploi program

Target clientele

This program will apply to persons who have been receiving employment-assistance benefits for a period of at least 36 consecutive months and who quit receiving benefits in order to take up full-time employment.

Last December, some 225 000 households were identified as having been recipients of employment-assistance benefits for 36 months or more, that is, 61% of all households receiving such benefits. Of that number, over half (55%) did not have a severely limited capacity for employment but were experiencing difficulty reintegrating the job market. The supplement could provide them with additional financial assistance to ease their transition to the job market.

Principal characteristics of the back-to-work supplement

Eligible persons who obtain full-time employment—130 hours or more a month in the case of employees—during the period from January to December 2002 will receive a supplement for a maximum of 36 months from the ministère de l'Emploi et de la Solidarité sociale.

The supplement will be paid according to the following scale:

- \$390 per month for the first 12 months (\$4 680 per year);
- \$260 per month from the 13th to the 24th month (\$3 120 per year);
- \$130 per month from the 25th to the 36th month (\$1 560 per year).

The supplement will be taxable and included in the recipient's income used to calculate benefits under other assistance programs.¹

☐ Substantial increase in the incentive to work

The back-to-work supplement will have a major impact on the incentive for employment-assistance recipients to work, as it will be equivalent to a wage increase of \$3 per hour in the first year of work.

For example, recipients who obtain a full-time job on January 1, 2002, which they keep until the end of 2004, will see their annual disposable income increase in 2002 by \$7 620 over what they would have obtained had they remained on employment assistance. Similarly, they will receive \$6 519 more in 2003 and \$5 416 more in 2004.

¹ The tax treatment of the supplement is presented in detail in subsection 1.11 of *Additional Information on the Budgetary Measures*.

**IMPACT OF THE SUPPLEMENT ON THE DISPOSABLE INCOME OF
A RECIPIENT LIVING ALONE WHO QUILTS RECEIVING EMPLOYMENT
ASSISTANCE TO TAKE UP FULL-TIME EMPLOYMENT IN 2002**
(in dollars)

	Employment- assistance recipient	Person holding down a job ¹			
		Without supplement	With supplement		
			2002	2003	2004
Work-related income	—	10 920	10 920	10 920	10 920
Supplement granted	—	—	4 680	3 120	1 560
Employment- assistance benefits	6 012	—	—	—	—
Income tax and contributions ²	473	– 384	– 1 495	– 1 036	– 579
Disposable income	6 485	10 536	14 105	13 004	11 901
Difference in income compared with employment assistance		4 051	7 620	6 519	5 416
Net impact of supplement			3 569	2 468	1 365

1 Minimum wage of \$7 an hour; 30 hours a week; 52 weeks a year.

2 Federal and Québec income tax, minus the refundable GST and QST credits, employment insurance premiums and contributions to the Québec Pension Plan.

□ Financial impact

The program will be open to recipients who become eligible in 2002. The government will evaluate the impact of the program during the course of the year and, on the basis of the results obtained respecting the incentive to work, will decide whether to maintain the program in subsequent years.

An amount of \$2 million has been earmarked in the contingency fund to finance implementation of the Action emploi program in 2001-2002. Subsequently, \$48 million, \$36 million and \$12 million will be added to the appropriations of the ministère de l'Emploi et de la Solidarité sociale for 2002-2003, 2003-2004 and 2004-2005, respectively.

1.3 Support for the Réseau d'investissement social du Québec (RISQ)

The Réseau d'investissement social du Québec (RISQ) was set up further to the Summit on the Economy and Employment in 1996. RISQ's principal objective is to support the projects and development of businesses in the social economy by contributing to their capitalization. In particular, RISQ provides financial support for technical assistance needed to launch projects. It also makes loans and loan guarantees to new businesses in the social economy. Since the creation of RISQ, more than 100 projects have received technical or financial support. RISQ-backed projects have been implemented in most regions of Québec.

To date, the government has committed \$4 million to RISQ to support various projects. With a view to promoting the development of the social economy, an additional contribution of \$2.6 million will be paid to RISQ. Therefore, this amount has been added to the budget of the ministère de l'Industrie et du Commerce for 2000-2001.

1.4 Financial assistance for Filaction, the Fonds pour l'investissement local et l'approvisionnement de fonds communautaires

Since the creation of Fondation, a labour-sponsored fund set up by the CSN, the Québec government has supported the fund's mission by granting a non-refundable tax credit to individuals who purchase shares in the fund.

Fondation is presently setting up Filaction, the Fonds pour l'investissement local et l'approvisionnement de fonds communautaires. Filaction is a non-profit organization that targets niches and clienteles similar to those of the Fondation mission, but whose projects are more small-scale. More specifically, Filaction supports projects, in particular in the social economy, requiring investments of between \$50 000 and \$150 000.

To support this initiative, the ministère des Régions will grant an operating subsidy of \$1.5 million to Filaction, to be paid in annual instalments of \$300 000 over the period from 2001-2002 to 2005-2006. For its part, Fondation will invest \$7 million during the same period under the terms of a memorandum of understanding with the ministère des Régions.

**PROJECTED DIRECT IMPACT OF FILACTION FOR THE PERIOD FROM
2001-2002 TO 2005-2006**

	Enterprises	Jobs
Direct investments	129	818
Support for local funds ¹	900	2 230
Total	1 029	3 048

1 Community loan circles and funds aimed at providing small projects with access to funding and ensuring an offer of credit to persons in a situation of economic insecurity.

Through direct action and financial support for local funds, Filaction intends to create or maintain more than 3 000 jobs in five years, while setting up a technical and financial structure that will enable it to continue its activities with a view to creating or maintaining 500 additional jobs per year after the initial five-year period.

Due to the large number of people involved, it is taking a long time to conceive and develop projects in the social economy and community sectors. To ensure that this does not dampen Fondation's interest in such projects and unduly limit its growth capacity for 2001 and 2002, the act establishing Fondation will be amended to set May 31, 2002 as Fondation's first deadline for meeting investment requirements in eligible Québec businesses.

An additional \$300 000 per year as of 2001-2002 will be granted to the ministère des Régions to fund this initiative. The allocation for 2001-2002 has been taken into account in the envelope of the Department presented in the Expenditure Budget.

2. HEALTH: NEW INITIATIVES TO IMPROVE SERVICES

2.1 Better services for young people and their families

A substantial investment in youth and their families, particularly young people in difficulty, is one of the priorities identified in conjunction with the work carried out by the Commission d'étude sur les services de santé et les services sociaux (Clair Commission). The growing number of difficulties faced by young people and their families calls for early, intensive intervention in order to provide them with locally coordinated basic services adapted to their needs.

Thus, to enable local community service centres (CLSCs) to provide such services upstream within our youth protection system, \$10 million will be injected into the budget of the ministère de la Santé et des Services sociaux in 2001-2002, \$15 million in 2002-2003 and \$20 million as of 2003-2004. The funding for 2001-2002 has been taken into account in the Expenditure Budget.

2.2 Development of new services adapted to older persons losing their autonomy

A number of older persons are now living with permanent disabilities. Well-organized home care services are necessary so that they can remain in their own homes in complete safety. And when living at home is no longer possible, adequate lodging services must be available.

Services for older persons losing their autonomy must be ongoing and personalized. A number of promising service organization models have been tested in projects carried out in various regions of Québec over the past few years. Analysis of these models led the ministère de la Santé et des Services sociaux to adopt guidelines respecting services for older persons losing their autonomy. These guidelines were made public a few weeks ago.

To ensure that these new guidelines are implemented, the ministère de la Santé et des Services sociaux will have at its disposal, in addition to the appropriations earmarked in its budget, an annual amount of \$30 million provided through the reduction in the commission rate paid by Loto-Québec to holders of licences to operate video-lottery sites. This amount will be used to develop an additional range of diversified services, from home care services to improved lodging services.

2.3 Renewal of the program for the provision of home help services by businesses in the social economy

Since 1997, the government has provided financial support to households that use home help services provided by businesses in the social economy network. Most of such services are provided to low-income families in Québec regions.

This program, which generally pays assistance varying from \$4 to \$10 per hour of work depending on the household's financial situation, has made it possible to help set up a network of 103 businesses in the social economy and create nearly 3 800 jobs.

To ensure the continued growth of the network of home help businesses—a network which is an important factor in maintaining home care services for older persons and disadvantaged persons—government financial support will be increased on a permanent basis. To that end, the ministère de la Santé et des Services sociaux will receive \$32 million for 2001-2002 and subsequent years. For 2001-2002, this amount has been taken into account in the Expenditure Budget.

3. EDUCATION: IMPROVED FINANCIAL ASSISTANCE FOR STUDENTS

At present, the government grants financial assistance to more than 150 000 students each year so that they can study full-time in a vocational training program at the secondary level or in a post-secondary program at a college, university or any other educational institution designated by the ministère de l'Éducation.

Generally speaking, each student, as well as his parents, spouse or sponsor must, where applicable, contribute to the financing of the studies in accordance with their financial means.

Under existing rules, the expenses taken into account in the calculation of student assistance are primarily those relating to tuition fees, living expenses and transportation costs. Depending on the family situation, other amounts are also taken into consideration. The amount of these expenses varies depending on whether the student lives with his parents, studies or works during the period in question.

The contribution of each student is determined on the basis of his financial resources, in particular his employment income. A minimum contribution is required and varies with the level at which studies are pursued. When the contribution of the parents, spouse or sponsor is factored into the calculation of financial assistance, the contribution is determined on the basis of their financial resources.

The financial assistance granted to the student is calculated by subtracting the various contributions (of the student, his parents, etc.) from the eligible expenses, and is first awarded in the form of a loan. If the loan does not cover the eligible expenses, a bursary is granted.

3.1 Reduction in the deemed contribution of students who earn employment income

To improve the financial assistance granted as bursaries to students who earn employment income, two adjustments will be made to the calculation of the deemed contribution of such students.

Previously, this contribution was calculated by adding 60% of the student's employment income (including the minimum contribution) to the minimum contribution. The minimum contribution of the student was therefore taken into account twice, thereby reducing the amount of the bursary. From now on, the contribution will be calculated solely on the basis of a percentage of the income exceeding the minimum contribution required.

In addition, the percentage of employment income used for calculation purposes will be reduced from 60% to 50%, which will further increase the amount of the bursary.

An additional \$21.8 million has been injected into the budget of the ministère de l'Éducation to finance these two measures for 2001-2002 and subsequent fiscal years.

3.2 10% reduction in the deemed contribution of parents or spouses for the purpose of calculating financial assistance

The parents' or spouse's contribution is taken into account in the calculation of the bursary granted to students who have not obtained 90 university credits. The percentage of this contribution is set on the basis of the family's financial capability, that is, on the basis of the parents' or the spouse's income. For example, a family with two children and an income of \$27 000 is not required to make a contribution. Above that amount, however, a contribution ranging from 23% to 53% of income is required. These rates will be adjusted so as to reduce by 10% the amount of the deemed contribution of the parents or spouse.

Another \$2.3 million has been injected into the budget of the ministère de l'Éducation for 2001-2002 and subsequent fiscal years.

3.3 Parental income no longer taken into account in the calculation of financial assistance for students having obtained 90 university credits

At present, parental income is not taken into account for the purpose of calculating bursaries in the case of students having obtained their first university degree. However, the length of a Bachelor of Arts program varies from one field of study to the next. Some are three years long and require 90 credits, while others are four or more years long and require more than 90 credits, the standard minimum number of credits.

To ensure fairness, parents will no longer be required to make a contribution for the purpose of calculating financial assistance, where the student has successfully completed 90 university credits.

Another \$2.7 million has been injected into the budget of the ministère de l'Éducation for 2001-2002 and subsequent fiscal years.

3.4 Introduction of a loan plan for part-time students

To obtain financial assistance, students must be enrolled full-time in an educational institution. However, many people are forced to pursue their studies part-time because of their family or financial situation. Financial assistance in the form of loans will be introduced in order to help such persons. The loan will allow them to cover tuition fees (including supplies) and child care expenses. Interest on such loans will be paid by the government while the persons are pursuing their studies.

For this purpose, an additional \$7.2 million per year will be added to the budget of the ministère de l'Éducation for 2002-2003 and subsequent fiscal years.

3.5 Extension of the eligibility period for bursaries granted for child-related expenses

As a rule, students can continue to receive a bursary for one term after the standard duration of their program of study. However, some students must reduce their course load to look after their children and, consequently, must extend the duration of their studies beyond the number of terms for which they are eligible for financial assistance in the form of bursaries.

To lighten the financial burden of students in this situation, financial assistance in the form of bursaries will be paid to them until the end of the eligibility period under the assistance program. The bursary will cover the living expenses of the children, the additional expenses of single-parent families and child care expenses.

An additional \$2.9 million per year has been added to the budget of the ministère de l'Éducation for 2001-2002 and subsequent fiscal years.

3.6 More importance accorded to family responsibilities in the deferred repayment program

Under existing rules, students are eligible for the deferred repayment program if their employment income is less than \$1 105 per month. This threshold does not adequately take into account the situation of persons with dependent children. To redress this situation, the eligibility threshold for the deferred repayment program will be revised upward on the basis of a student's family responsibilities. The terms and conditions have yet to be set.

Another \$1 million has been injected into the budget of the ministère de l'Éducation for 2001-2002 and subsequent fiscal years.

4. ECONOMIC DEVELOPMENT STRATEGY FOR THE RESOURCE REGIONS

Economic conditions have improved in all of Québec's regions in recent years, leading, in particular, to a decline in their unemployment rates.

However, for various reasons, the regions continue to differ in their states of development. Although the gaps have narrowed significantly since the early 1960s, both in terms of unemployment rates and per capita personal disposal income, they are still wide, especially for the seven regions whose economy remains heavily dependent on natural resource exploitation.

These resource-dependent regions are: Bas-Saint-Laurent, Saguenay–Lac-Saint-Jean, Mauricie, Abitibi-Témiscamingue, Côte-Nord, Nord-du-Québec and Gaspésie–Îles-de-la-Madeleine.

The government has therefore adopted a strategy to:

- support development of the resource regions' economic potential in order to bridge the gaps in relation to the rest of Québec;
- create and maintain an overall environment favourable to the creation of jobs for the regions' inhabitants, especially young people.

This strategy is driven by three main focuses.

□ Increase value-added and accelerate diversification

The resource regions economic development strategy is aimed first and foremost at enhancing economic diversification and increasing the value-added of the activities carried out in their territories.

The goal of the announced measures is to foster:

- secondary and tertiary processing of resources that are already commercially exploited in the region concerned;
- development of new economic activities;
- identification and development of niches of excellence that exploit one or more region-specific assets and offer a high development potential;
- development of the tourism supply.

❑ Consolidate the regions' economic base through sustainable resource development

While enhancing value-added in the resource regions and diversifying the regions' economic activities are imperative, the importance of resource exploitation must not be overlooked.

Natural resources remain the cornerstone of the regional economy and a significant source of employment. In fact, in some municipalities, the paper mill or mine is the only major employer.

The second focus of the strategy is therefore to consolidate the regions' economic base through various measures designed to support natural resource exploitation in the short and medium terms so as to maintain the volume of activities of the related SMEs and the jobs that depend on them.

❑ Facilitate financing of SMEs and the creation of businesses

The resource regions' growth increasingly depends on the competence of entrepreneurs, i.e. their ability to set up new businesses and make them prosper. SMEs are the largest job creator, even if the strategic role of major investments by large enterprises must not be underestimated.

For this reason, we must favour the creation of new businesses and the expansion of existing SMEs. In particular, it is crucial that initiators of corporate projects and regional SMEs be supported by funding mechanisms tailored to their specific needs and by appropriate expertise throughout their growth cycle, beginning in the prestart-up phase.

To that end, the government will provide the resource regions with additional mechanisms to:

- support entrepreneurship;
- facilitate project financing.

The development strategy, along with the related tax and budgetary measures, is detailed in the paper entitled *The Strength of the Regions, An Essential Link in Our Economy*, tabled with the budget documents. The general tax measures are also presented in Section 1 of *Additional Information on the Budgetary Measures*.

In addition to the general measures, special measures targeting each of the resource regions will be introduced. These measures will be unveiled when the government tours the seven resource regions in the coming weeks.

Between now and fiscal year 2003-2004, the government will allocate nearly \$800 million to the strategy's implementation. Of this amount, \$327 million will be allocated to the tax measures. For their part, the budgetary measures will have a financial impact of \$461.1 million, as shown in the following table.

FINANCING OF THE RESOURCE REGIONS ECONOMIC DEVELOPMENT STRATEGY

(in millions of dollars)

	2000-2001	2001-2002	2002-2003	2003-2004	Total
Additional spending	34.3	96.5	124.0	82.8	337.6
Forestry work financed from timber royalties	—	32.5	32.5	32.5	97.5
Sub-total	34.3	129.0	156.5	115.3	435.1
Stakes in businesses	6.0	—	10.0	10.0	26.0
Total	40.3	129.0	166.5	125.3	461.1

Of the amount earmarked, \$1 million per year will be set aside for the ministère des Finances for coordination of the development strategy and implementation of the announced measures.

For 2001-2002, a few of the measures will be financed using the appropriations earmarked in the contingency fund or in departmental budget envelopes. For most of the measures, however, additional appropriations will be transferred to the budget envelopes of the departments concerned from a provision in the budget envelope of the ministère des Régions shown in the Expenditure Budget.

5. GREATER EFFORTS IN SUPPORT OF JOB CREATION

5.1 Support for private investments

5.1.1 Increase in the envelope of the FAIRE program

The Private Investment and Job Creation Promotion Fund (FAIRE) is intended to provide various types of financial support for investment and job creation. FAIRE received a five-year commitments envelope of \$950 million for the period from 1998-1999 to 2002-2003. This envelope will be raised to \$1.2 billion to enable additional commitments in the amount of \$100 million in 2000-2001 and \$150 million in 2001-2002.

The budget envelope of the ministère des Finances has been increased by \$40 million in 2000-2001, \$49 million in 2001-2002, \$46.2 million in 2002-2003, \$34.2 million in 2003-2004 and \$29.2 million in 2004-2005.

5.1.2 Improvement of the programs administered by Investissement Québec

Investissement Québec, either directly or through its subsidiary Garantie Québec, administers the FAIRE program, the funding program for small businesses (SMB Spark) and the business financing assistance program (SMB Guarantee).

The terms and conditions of these programs will be changed to better support the Québec government's efforts to facilitate business start-ups and expansion, as well as the carrying out of projects in Québec's regions.

□ Extension of the SMB Guarantee program to the mutual funds sector

In April 1998, the Minister of Finance announced the introduction of a tax assistance program targeting the creation of mutual funds administered and managed in Québec. This program, which ends on March 31, 2001, has resulted in the creation of a large number of small funds. Currently, several start-up businesses in this sector are having a hard time keeping pace with the growth of businesses with firmly established funds. The solution to this problem, which is mainly attributable to distribution costs, lies in adequate financing of the commissions paid to group savings representatives.

To that end, Investissement Québec's SMB Guarantee program will be adjusted to provide a guarantee of reimbursement not exceeding 70% of the net loss relating to a loan contracted by a mutual fund corporation. This financial assistance will especially serve to support the growth of businesses having been granted the tax credit respecting new funds. Loan guarantees will be provided subject to the following conditions:

- guaranteed loans must be used for the sole purpose of paying the commissions of group savings representatives who distribute mutual funds whose assets are administered and managed in Québec;
- the amount of the loan guaranteed may not exceed \$5 million per mutual fund corporation;
- the total assets managed by the corporation may not exceed \$500 million, and when this amount is reached, no new loan guarantee may be issued and the unspent balance of loans previously guaranteed may not be used;
- applications for loan guarantees pursuant to this measure must be submitted between April 1, 2001 and March 31, 2004.

The other conditions of the SMB Guarantee program will continue to apply.

As a result of this measure, total assets managed by Québec businesses, currently estimated at \$22 billion, could increase by \$2 to \$5 billion in the next few years.

The appropriations allocated to the ministère des Finances will be raised by \$0.7 million in 2001-2002, \$1.7 million in 2002-2003 and \$2.5 million in 2003-2004 in order to finance this measure. The envelope of the ministère des Finances for fiscal year 2001-2002 shown in the Expenditure Budget has been increased accordingly.

□ Eligibility of certain expenditures of biotechnology businesses under the FAIRE program

A number of businesses in the biotechnology sector have trouble convincing financial institutions to lend them the money needed to install precision equipment, especially clean rooms, owing to the extremely high installation costs and the low probability of recovering a significant value in the event of non-payment.

The terms and conditions of the FAIRE program will therefore be changed to make biotechnology businesses eligible for financial assistance in the form of a guarantee of financing regarding the portion of leasehold improvements related to the construction of clean rooms and, as needed, the basic lease cost. This guarantee will be granted to the biotechnology business directly or to the real estate developer for its benefit.

The funds required to implement this measure will be taken from the ministère des Finances envelope for the FAIRE program.

□ Revision of the job criteria for the SMB Spark program

Announced in last year's Budget Speech, the SMB Spark program aims to help new businesses get off the ground by offering a loan guarantee covering up to 80% of the net loss assumed by a financial institution.

This guarantee is currently offered on the condition that the project create at least two jobs for loans under \$50 000 and three jobs for loans of \$50 000 and over.

This criterion will be changed to include jobs held by shareholders of the company and jobs held by persons in a non-arm's length relationship or that are related within the meaning of the *Taxation Act*. Self-employed workers are not eligible for the SMB Spark program.

The funds required to implement this measure will be taken from the ministère des Finances envelope for the SMB Spark program.

□ Other improvements

The terms and conditions of the SMB Spark program regarding securities will be changed to exclude non-profit organizations and cooperatives from this requirement and to limit their application to certain shareholder officers.

Consequently, before granting the guarantee provided for under this program to any business other than a non-profit organization or a cooperative, Garantie Québec must henceforth require principal shareholder officers or principal corporate officers to demonstrate that they have provided a personal guarantee to the lending institution equal to 25% of the balance of the loan.

As well, a new economic component will be incorporated into the SMB Guarantee program to support the working capital of technology-intensive businesses playing a major economic role in several regions of Québec. Since this component will apply primarily to the resource regions, it will be explained in greater length in the paper entitled *The Strength of the Regions, An Essential Link in Our Economy*.

The funds required to implement these improvements will be taken from the envelopes of the ministère des Finances.

5.2 Additional resources for science and innovation

5.2.1 Québec policy on science and innovation

On January 25, 2001, the Québec government released its new policy on science and innovation entitled *Knowledge to Change the World*. This policy provides Québec with a powerful tool for supporting research and innovation.

To support the policy directions, \$250 million has been allocated to the ministère de la Recherche, de la Science et de la Technologie to implement, over the next three years, research and innovation projects with a developmental effect, such as fixed assets and the purchase of material and equipment. These projects will be financed through debt servicing.

Additional funding in the amount of \$4.5 million in 2002-2003, \$13.5 million in 2003-2004 and \$22.5 million in 2004-2005 will be allocated to the ministère de la Recherche, de la Science et de la Technologie for this purpose.

5.2.2 Support for the Institut national d'optique (INO)

A non-profit organization, the Institut national d'optique (INO) is the largest optics and photonics centre of expertise in Canada. Since its creation in 1985, INO has supported the R&D activities of businesses operating in this high-tech sector and played a leading role in the development of new applications. Over the years, INO has earned an enviable reputation at the international level by designing and developing systems and components meeting customer-specified requirements.

INO has contributed substantially to the wider visibility of this sector of activity in the Québec City region. The combined presence of INO, the Centre d'optique, de photonique et de laser at Université Laval and a large network of researchers across a number of dynamic enterprises has made the Québec City region a genuine world-class centre of excellence.

To fulfil its mission, INO receives financial support from the governments, which has enabled it to develop innovative research programs. Since its inception, INO has signed more than 1 500 contracts with businesses specializing in sectors as diverse as aerospace, biomedicine and the environment. It has also developed technological know-how with high commercial potential.

Given that the financing agreements pertaining to INO will be expiring soon, the Québec government intends to renew its financial support.

This financial support will enable INO to strengthen the R&D activities at the centre of its mandate and consolidate its operations. It is also intended to enable the institute to capitalize on its scientific discoveries and research projects of commercial interest, especially through the spinning off of businesses, in order to ensure maximum benefits for the Québec City region.

Another \$35 million has been injected into the budget envelope of the ministère de la Recherche, de la Science et de la Technologie for fiscal year 2000-2001.

5.2.3 Financial support for labour force training in the optics and photonics sector

In 1999, the Québec government created a financial assistance program for the optics and photonics sector in the Québec City region, including a job creation tax credit aimed at strengthening the region's vocation in this field and intensifying its role as a world-class centre of excellence.

The growth of optics and photonics-related businesses is currently such that the supply of labour at all levels of skill is insufficient to meet the current and projected needs of businesses, thereby limiting their growth.

To satisfy these urgent training needs, additional funding in the amount of \$15 million will be allocated to support an accelerated-training plan. This plan must be directly related to business needs and be geared primarily towards hiring. The plan, in conjunction with educational institutions in the Québec City, Montréal and Hull regions that currently offer training in the areas of optics and photonics, will target:

- the delivery of short training programs at all levels of education;
- the purchase of the specialized equipment needed to provide this training.

An additional \$7 million in 2001-2002 and \$8 million in 2002-2003 will be injected into the budget envelope of the ministère de l'Industrie et du Commerce. The funds for 2001-2002 are earmarked in the contingency fund.

5.2.4 Support for the Institut international des télécommunications

The Institut international des télécommunications was established in April 1999 through the financial support of the Québec government and 12 businesses. Four universities were also involved in its creation. This partnership allows the institute to offer Québec businesses singular expertise in the field of telecommunications and a highly qualified labour force. Among other things, the institute boasts a state-of-the-art laboratory.

To enable the institute to begin its second phase of development by launching industrial telecommunications certification programs, the government will grant the ministère de l'Industrie et du Commerce subsidies totalling \$4 million in 2000-2001, \$1.7 million in 2001-2002 and \$1.6 million in 2002-2003. For their part, industry partners will be investing over \$20 million in the project. For 2001-2002, the department's budget shown in the Expenditure Budget has been increased to \$1.7 million.

5.2.5 Support for the Centre d'entreprise et d'innovation de Montréal (CEIM)

The Centre d'entreprise et d'innovation de Montréal (CEIM) is a non-profit organization that offers an array of support services to start-up businesses. Created in 1986, CEIM offers business coaching services, training for future entrepreneurs, fund-raising assistance and consulting services. CEIM targets businesses operating in sectors related, in particular, to new information technologies and communications and to fashion design.

CEIM is located in the heart of the Cité du multimédia. As such, it contributes to the emergence of new information technology and multimedia businesses. Its presence facilitates technological expansion while enabling more effective integration of young businesses in the network being established in the Cité du multimédia.

To support CEIM's activities, the government is making a financial contribution of \$1.6 million. To ensure this financing, another \$800 000 in 2001-2002 and 2002-2003 will be added to the budget envelope of the ministère de l'Industrie et du Commerce. For 2001-2002, the funding has been provided for in the envelope shown in the Expenditure Budget.

5.2.6 Assistance for the Centre Emploi-Technologie (CETECH)

The Québec government announced the creation of the Centre Emploi-Technologie (CETECH), which is associated with Emploi-Québec, in its 1999-2000 Budget Speech, committing initial funding of \$2 million per year over two years.

The primary mission of CETECH is to develop expert knowledge of the new economy labour market. It is also responsible for disseminating the results of its work, notably for the purpose of helping young people choose a career path. It is crucial that Québec be able to offer new economy businesses a qualified work force. Knowledge of the realities of the new economy labour market is therefore essential to adapting the labour force training supply to the changing needs of enterprises operating in these sectors.

CETECH will continue to report on its activities to an orientation and action committee composed of representatives of new economy businesses, members of associations concerned with various aspects of the new

economy, influential members of higher learning networks and senior officials from the ministère de l'Éducation, the ministère de la Recherche, de la Science et de la Technologie, the ministère de l'Industrie et du Commerce, the ministère des Finances and the ministère de l'Emploi et de la Solidarité sociale.

The annual funding of CETECH will be extended by three years. An amount of \$2 million per year will be allocated to Emploi-Québec for this purpose.

The expenditure budget of the ministère de l'Emploi et de la Solidarité sociale includes \$2 million per year over three years to finance this measure.

5.3 Investment in transportation

5.3.1 Investments in road infrastructures

In addition to the road infrastructure investments already provided for under the regular program of the ministère des Transports, another \$415 million or so worth of work will be carried out on Québec's road network over the next five years.

These additional investments, which include amounts earmarked specifically for the regions to support their economic development, among other things, includes the sums required to accelerate completion of Autoroute 50, an expressway linking the Outaouais region to the rest of Québec. As well, Autoroute 70 will be extended eastward through the completion of the Chicoutimi-La Baie section. Other actions will be aimed at carrying out major repair, reinforcement or reconstruction work in order to enhance the safety of road users and improve service within and between regions.

To support these new projects as well as the continuation of those previously announced, a total envelope of approximately \$865 million has been allocated to road work in 2001-2002, \$155 million more than during the past year.

These investments are financed over the long term. Another \$0.5 million in 2001-2002, \$21.9 million in 2002-2003, \$35 million in 2003-2004 and \$40.4 million in 2004-2005 will be allocated to the ministère des Transports for this purpose. The funds for 2001-2002 have been earmarked in the contingency fund.

5.3.2 *Improvement of the assistance program for the Green Way*

The Green Way is a planned bicycle route of nearly 4 300 kilometres that will link all regions of Québec. It is estimated that over half of the route is currently completed.

Financial assistance in the amount of \$18 million over five years was announced in the 1999-2000 Budget Speech to speed up the Green Way's completion.

This financial support will be increased. An amount of \$2 million per year will be earmarked for maintenance of the Green Way, especially exclusive right-of-ways, i.e. sections of the route outside road allowances. These sums will be used to cover 50% of the costs incurred by municipalities or any other non-profit organization responsible for the maintenance of bike paths. In addition, \$3 million will be injected in 2001-2002 to speed up the construction of new sections of the bicycle route.

The additional \$5 million in funding allocated to the ministère des Transports in 2001-2002 will be drawn from the contingency fund. Another \$2 million will be allocated to the department for subsequent years.

5.3.3 *Rail service to Delson*

A commuter rail service will be established between Delson and downtown Montréal on a trial basis. The goal is to increase the use of public transit and reduce the number of vehicles travelling from the south shore during rush hour.

The purpose of the pilot project is to gauge public interest and validate data related to operation of a new commuter rail service between the south shore and downtown Montréal.

Additional funding in the amount of \$5 million will be allocated to the ministère des Transports in 2001-2002 to finance this project. This amount will be drawn from the contingency fund.

5.3.4 *Support program for marine infrastructures*

This is a new program that aims to optimize the current marine infrastructure system and its interfaces with land transportation, as well as support the development of intermodal support infrastructures or new marine transport projects.

More specifically, the program will provide Québec shippers, particularly those operating in the regions, with a system that is better suited to their specific economic activity. As well, by making marine transport both more

attractive and more competitive, the program will help reduce damage to the highway system caused by heavy traffic.

The ministère des Transports will allocate \$20 million over five years to this program. The terms and conditions of the program, including the list of eligible work, will be announced this year during the unveiling of a Québec maritime policy by the Minister for Transport and Maritime Policy.

An amount of \$1 million is earmarked in the budget envelope of the ministère des Transports for 2001-2002. Another \$4 million will be injected in 2002-2003 and \$5 million, in each of the fiscal years 2003-2004, 2004-2005 and 2005-2006.

5.3.5 Subsidy for adapting taxis for the transportation of wheelchair users

The increase in the number of persons with disabilities due to an aging population and community integration requires a more flexible approach to the supply of taxi services. Adapted taxis, i.e. taxis that are equipped to carry a wheelchair as well as ambulatory users, have the flexibility to improve the service supply while costing less than adapted minibuses. The five-year objective is to make a total of 400 adapted taxis available to paratransit agencies, school boards, health and social services institutions and the general public. The average cost of adapting taxis is \$20 000 per vehicle.

Additional funding in the amount of \$1.4 million per year over five years, beginning in 2001-2002, will be allocated to the ministère des Transports for this purpose. The amounts for 2001-2002 will be taken from the contingency fund.

5.4 Investments in the environment and sustainable development

5.4.1 Burial of electrical distribution systems on heritage sites

The report of the scientific and technical committee studying the events related to the ice storm that hit Québec between January 5 and 9, 1998 (Nicolet Commission) recommended burial of part of electrical distribution systems as well as a financial contribution from the partners concerned, including the government, as an incentive.

Hydro-Québec recently announced the introduction of a program for this purpose. The program has three components, including burial of existing systems on heritage sites. This component will be adjusted to better reflect the government's and Hydro-Québec's desire to enhance the integrity of Québec's heritage, cultural and tourist sites.

Burial efforts will be extended to cultural and tourist sites, to be selected by a future panel of experts. The sites will be integrated into municipal development plans in order to preserve adjoining land.

The investments envelope required for the burial of systems on heritage, cultural and tourist sites is set at \$300 million over four years, to be shared among Hydro-Québec, the government and the municipalities.

Hydro-Québec will contribute \$200 million, to be financed through a reallocation of its burial program budget. The government will inject \$75 million into the program, while municipalities will contribute an estimated \$25 million.

The terms and conditions of the program will be announced by the Minister of Natural Resources. The appropriations of the ministère des Ressources naturelles will be raised by \$2.5 million in 2002-2003, \$4.1 million in 2003-2004, \$5.8 million in 2004-2005 and \$8.2 million in 2005-2006.

5.4.2 Québec action plan on climate change

To lessen the negative effects of climate change and reduce greenhouse gas emissions, the Québec government adopted the *Québec Action Plan on Climate Change 2000-2002*.

The ministère de l'Environnement intends to take action in the transportation sector and make representations to its industry partners to reduce greenhouse gas emissions. A mandatory inspection and maintenance program for light and heavy vehicles, to be implemented as of 2002, will consist in inspecting vehicles for excessive emissions of pollutants. Phase 1 of the program will be implemented gradually for heavy vehicles in several regions, except northern Québec, and light vehicles in the Montréal region.

A public education, awareness and training program in relation to climate change is also planned. Funding in the amount of \$1 million in 2001-2002 and 2002-2003 has been allocated to the ministère de l'Environnement for this purpose. For 2001-2002, the envelope of the ministère de l'Environnement shown in the Expenditure Budget has been increased by \$1 million.

5.4.3 Support for waste management businesses

In keeping with the *Quebec Action Plan on Waste Management 1998-2008*, the government is pursuing its objective of protecting the environment through various measures targeting reclamation of 65% of recoverable residual materials annually by 2008. To achieve this recovery target, Québec has committed to managing residual materials in a sound manner and thereby continue its progress towards sustainable development.

One of the most promising approaches under the action plan consists in partnering with local development centres to promote the establishment of

social economy businesses involved in waste management. This approach is consistent with the government's job creation objectives, encourages the start-up or consolidation of new businesses in the social economy sector and stimulates regional development.

After only one year, the assistance program for social economy businesses operating in the area of waste management has proven to be extremely popular because it meets real recovery and recycling needs. Some 100 projects in 16 regions have been submitted for study to date, nearly 50 of which have been recommended for subsidy purposes.

To finance these projects, another \$3.2 million has been injected into the 2000-2001 budget of the ministère de l'Environnement.

5.4.4 Support for the implementation of Québec's water management policy

Water, called the "blue gold" of the 21st century by several world organizations, is a basic resource in Québec and one that places it in an excellent position internationally. In this respect, sound water management is of strategic importance for Québec. However, while water occurs in abundance, the quality and quantity of the resource can change. Its growing use for agricultural, industrial and energy purposes, combined with drinking water and recreational needs, is creating an increasing number of conflicting uses in certain regions of Québec. The effects of climate change and the pressures on the resource threaten its sustainable use. We must protect this resource, which is vital to both life itself and to Québec's current and future development.

In the wake of the report of the commission on water management, in June 2000 Cabinet defined the main orientations of the future Québec water management policy. The purpose of this new policy is to adopt a comprehensive management approach to the water resource based on the principles of sustainable development, i.e. management that integrates all agricultural, industrial and urban uses. The policy will take into account all surface water, groundwater and wetland areas in Québec, and be based on management at the river basin level.

With a view to the policy's implementation, the budget envelope of the ministère de l'Environnement shown in the Expenditure Budget has been increased by \$1 million in 2001-2002. For 2002-2003 and subsequent years, the department's appropriations will be raised \$2 million a year.

5.4.5 Support for environmental management in the agricultural sector

The news stories over the past few months have brought the social and economic impacts of agricultural pollution to light, and show the size and complex nature of the environmental challenges facing Québec in its efforts

to eliminate pollution from agricultural sources. These challenges led the government to propose concrete solutions to the problems caused by agricultural production in order to ensure the industry's sustainability.

As a promoter of sustainable development in Québec, the ministère de l'Environnement must have all the leverage it needs to implement a veritable policy on environmentally sustainable agriculture. It must foster environmentally sound management of farm operations through innovative measures such as farm certification, compliance with the principle of environmental conditionality, and development of green technologies. To that end, financial assistance must be offered to agricultural enterprises, related federations and businesses involved in enhancing environment quality in the agricultural sector.

To that end, the appropriations of the ministère de l'Environnement will be raised by \$2 million in 2001-2002, \$3 million in 2002-2003 and \$4 million for 2003-2004 and subsequent years. For 2001-2002, the envelope of the ministère de l'Environnement shown in the Expenditure Budget has been increased by \$2 million.

5.4.6 Enhancement of the contaminated sites rehabilitation program

In 1997-1998, the Québec government decided to introduce a financial assistance program to support Québec City and Montréal in their efforts to develop urban areas grappling with serious problems of soil contamination.

The cities rose to this concerted development challenge, especially Montréal. No less than 59 sites have been rehabilitated at a total investment of over \$800 million. The need is such, however, that the \$30-million budget allocated by the government to support projects in the territory of Montréal will be exhausted one year ahead of schedule. Given the program's overwhelming success, another \$6 million will be injected into the program in 2002-2003 to enable the completion of numerous other projects.

Furthermore, as of last year, all Québec municipalities are eligible for financial assistance under the program to rehabilitate contaminated sites located within their boundaries.

Moreover, the program has shown that contamination problems also exist, albeit to a lesser extent, in non-urban areas, especially in the resource regions.

To support the development of local communities that must deal with contaminated sites which impede the implementation of investment projects that could create jobs, the contaminated sites rehabilitation program will be extended to these areas.

Another \$1 million will be injected into the program as of 2002-2003 for this purpose.

A total of \$7 million in additional funding will therefore be allocated to the ministère de l'Environnement in 2002-2003, and \$1 million per year thereafter.

5.4.7 Conservation of biological diversity

In 2000, Québec committed to expanding the surface area under protected status in order to improve its position nationally and internationally as regards the conservation of biological diversity.

Regardless of this commitment, protected areas are essential to Québec's economic development, in terms of both raw material exports and tourism. Québec must support initiatives to create protected areas and, at the same time, encourage local and rural economies through job creation and ecotourism development. A new government assistance program to foster voluntary conservation by private landowners and non-governmental organizations that work to preserve protected areas will focus on the empowerment, involvement and commitment of all interest groups.

To support the program's implementation, funding in the amount of \$1 million will be allocated to the ministère de l'Environnement for 2002-2003.

5.4.8 Assistance for the development of Québec's national parks system

Part of the mandate of the Société des établissements de plein air du Québec (SÉPAQ) consists in managing a system of 20 parks throughout Québec. This parks system contributes to job creation and Québec's economic development, while playing a key role in meeting Québec's international commitments, notably as regards the UN Convention on Biological Diversity signed at the Rio Summit.

Additional funding will be earmarked over the next few years to increase the quality of services and infrastructures in the SÉPAQ network to a level that will classify the parks as national parks under international criteria. This financial assistance will enable SÉPAQ to consolidate and enhance the Québec parks system, thereby improving the quality of the tourism supply and increasing the regions' capacity to attract international tourists.

The Société de la faune et des parcs du Québec will therefore receive an additional \$6 million in 2001-2002, \$10 million in 2002-2003 and \$11 million in each of the three subsequent fiscal years. For 2001-2002, the envelope of the ministère de la Faune et des Parcs shown in the Expenditure Budget has been increased by \$6 million.

5.5 Support for the agrifood sector

5.5.1 Assistance for the implementation of tracing systems

A number of recent events in Europe have shaken consumer confidence in the quality and safety of the food they eat. Although North America has so far been spared, food quality and safety is a major issue in the Québec agrifood industry.

To strengthen food quality assurance, the government intends to implement tracing systems over the next five years to control the quality of both livestock and food products. In the event of contamination, these systems will make it possible to rapidly trace the source, thereby enhancing consumer health protection and reducing the economic impacts arising from such events. These systems will target the lowest links in the biofood chain in the cattle, sheep and hog industries, namely farm operations, auctions, slaughterhouses and rendering plants.

To that end, the budget of the ministère de l'Agriculture, des Pêcheries et de l'Alimentation will be increased by \$2 million in 2001-2002 and by \$6.5 million for the years 2002-2003 to 2004-2005.

A share of these sums will be used to defray part of the cost of the supplies and equipment needed to identify and trace animals, as well as most of the costs to develop and manage the tracing file. The funds for 2001-2002 are earmarked in the contingency fund.

6. SUPPORT FOR CULTURAL DEVELOPMENT

6.1 Financial assistance for strengthening the arts and literature

Québec boasts an impressive critical mass of renowned creators, institutions and organizations in the arts and literature fields. In recent years, the Québec government has granted special financial support to this sector in acknowledgment of its considerable importance for Québec society.

For this reason, the government is reaffirming its determination to support creation in the various disciplines of literature and the arts and to foster the development of promising young creators by injecting an additional \$33 million over four years.

To that end, the ministère de la Culture et des Communication will receive additional funding in the amount of \$12 million in 2000-2001 and \$7 million per year for the three subsequent years. For 2001-2002, \$2 million is earmarked in the envelope of the ministère de la Culture et des Communications, and \$5 million will be drawn from the contingency fund.

6.2 Increased support for arts training and the dissemination of culture

To provide greater support for arts training and the dissemination of culture, the Québec government is investing an additional \$23.3 million over four years for the following initiatives:

- — improvement of training for the next generation of artists, particularly that provided by the Conservatoire de musique et d'art dramatique du Québec;
- — continued implementation of the museum policy by supporting innovative activities enabling the preservation of well-functioning institutions in all regions of Québec;
- — continued implementation of the book and reading policy, notably through the enrichment of municipal library collections, improvement and strengthening of the library system, and development of reading and reading awareness activities targeting young children and underprivileged groups.
- For this purpose, the appropriations of the ministère de la Culture et des Communications will be increased by \$21.8 million in 2000-2001 and \$0.5 million per year for the three subsequent years. Its budget envelope has been adjusted accordingly.

6.3 Reinforcement of Télé-Québec's cultural mandate

To enable Télé-Québec to reinforce its cultural mandate and to promote the dissemination of its productions, the Québec government is granting it additional funding of \$11.8 million over the next five years.

This sum will contribute to the enrichment and diversification of French-language cultural programming and, at the same time, encourage Québec's television production industry.

The budget envelope of the ministère de la Culture et des Communications has therefore been increased by \$1.8 million in 2000-2001, \$1 million in 2001-2002 and \$3 million for each of the three subsequent budget years.

6.4 Action related to cultural facilities

For over 20 years, the Québec government has helped to set up networks of cultural facilities which have, among other things, improved access to cultural property and activities, highlighted Québec's heritage and strengthened regional cultural focuses.

To meet the existing needs, the Québec government is injecting an additional \$30 million into support programs for cultural facilities and the restoration of cultural property.

This government assistance will in turn encourage the various cultural and municipal partners to make financial contributions.

Appropriations of \$1.3 million in 2001-2002, \$2.5 million in 2002-2003 and \$3 million in subsequent years have been added to the budget envelope of the ministère de la Culture et des Communications.

6.5 Establishment of museum repositories of our collective heritage in Greater Montréal and the National Capital

The museum policy released in May 2000 stressed the urgency of improving the conditions under which the heritage of museums in Greater Montréal and Québec's capital are preserved. For this reason, the government is injecting \$16 million into the establishment of two repositories of our collective heritage, one in Greater Montréal and one in the National Capital.

The appropriations of the ministère de la Culture et des Communications will be adjusted upward by \$0.7 million in 2002-2003, \$1.9 million in 2003-2004 and \$1.8 million in 2004-2005.

7. OTHER MEASURES

7.1 Support for the National Capital

7.1.1 *Subsidy for the Québec Capital Economy Diversification Fund*

The creation, in 1998, of an economic diversification fund for Québec's capital was a clear sign of the government's commitment to backing the long-term transformation of the region's economy. After three years of existence, this diversification fund has reached \$27 million for total investments of \$342 million in 151 projects that have been instrumental in creating and maintaining over 3 000 direct and indirect jobs.

With a view to pursuing the initiatives already undertaken to diversify the economy of the Capitale nationale region, funding in the amount of \$7 million will be granted to the Québec Capital Economy Diversification Fund in 2001-2002. The budget envelope allocated to the Bureau de la Capitale nationale for 2001-2002 has been adjusted accordingly.

7.1.2 *Les Violons du Roy*

Numerous cultural institutions contribute to enhancing the image of Québec's capital both here and abroad. Ambassadors for Québec on some of the most prestigious stages in Canada, the United States and Europe, the musical ensemble Les Violons du Roy merits particular attention from the government.

Les Violons du Roy must stabilize its basic funding so that it can fulfil its commitments abroad in coming years. In order to provide financial support for this ensemble, additional funding of \$1.2 million will be injected into the Capitale nationale development program of the ministère de l'Environnement for fiscal year 2000-2001

7.2 Support for the tourism industry

7.2.1 *Promotional campaigns targeting the American market*

One of the aims of the *2000-2005 Tourism Marketing Strategy for Québec* is to focus on markets that offer the best return on investment. Among these markets, the United States is one of the best short-term development prospects.

To offset the slowdown of the U.S. economy anticipated for 2001-2002 and capitalize on the visibility afforded by the Summit of the Americas, a promotional offensive is required to maintain the growth in tourism revenue generated by the U.S. market since 1997. Funding of \$5 million will thus be allocated to the Tourisme Québec to enable it to carry out promotional initiatives targeting this market.

The appropriations of the ministère de l'Industrie et du Commerce have been raised accordingly for 2000-2001.

7.2.2 Development of new tools to promote Québec on the Internet

Between 1998 and 2005, Tourisme Québec and Bell Canada will have jointly invested \$30 million in the creation of the Centre d'affaires électronique *Bonjour Québec.com*. Since the spring of 2000, this electronic business centre has offered potential tourists the possibility of making reservations online.

However, in order to take advantage of the anticipated escalation of e-commerce in coming years, especially in the United States, Tourisme Québec must develop new promotional tools adapted to an Internet environment, especially mini-Web sites targeting specific market segments.

Tourisme Québec will receive funding of \$3 million in order to make the Centre d'affaires électronique *Bonjour Québec.com* more accessible and increase the number of visitors thereto. The appropriations of the ministère du Tourisme, du Loisir et du Sport have been raised accordingly for 2000-2001.

7.3 Support for the development of recreation and sports activities

7.3.1 Recreation and sports development plan

The government currently offers various financial assistance programs for recreation and sports activities. However, initiatives aimed at increasing Québec's exposure on the international scene must be intensified.

To this end, additional funding will boost the development of recreation and sports, especially with respect to the implementation of an action plan to promote athletic excellence. This plan is designed to bolster the efforts of all partners in the training process of top-level athletes, from talent scouting to participation in major international competitions. The Minister for Tourism, Recreation and Sport will soon be announcing the conditions for the implementation of this action plan.

To this end, supplementary funding of \$10.3 million has been provided for in 2001-2002, with an additional amount of \$5.3 million per year in subsequent years. For the 2001-2002 funding, \$8 million will be drawn from the contingency fund, while the remaining \$2.3 million is included in the budget envelope of the Secrétariat au loisir et au sport.

7.3.2 2001 Games of La Francophonie

Québec has been a full-fledged member of the Organisation internationale de la Francophonie, the international community of French-speaking nations, for more than 30 years. In this capacity, it is taking part in the organization of the Games of the Francophonie, to be held in Hull and Ottawa from July 14 to 24, 2001, as well as coordinating the preparation of its own delegation of athletes, artists and creators to these Games.

The Games are the premier public showcase of the Francophonie, and one of their goals is to promote the French language and widen its visibility on the international scene.

The Games were created in response to a proposal submitted by Québec at the Summit of the Francophonie held in Québec City in 1987. It is thus with great pride that Québec will play host to a very important segment of these Games in July 2001. An amount of \$2 million will be earmarked by the government for a series of special events testifying to the importance of the French fact in Québec and in the Francophonie as a whole. These activities are intended for the residents of the Outaouais region, Quebecers in general, tourists and our partners in the Francophonie.

For 2001-2002, an additional amount of \$2 million has been injected into the budget envelope of the ministère des Relations internationales shown in the Expenditure Budget.

7.4 Miscellaneous measures

7.4.1 *Financial support for the voluntary departure incentive program for employees of amalgamated municipalities*

On December 20, 2000, the National Assembly adopted Bill 170, which establishes, as of January 1, 2002, the new municipalities of Montréal, Québec City, Hull-Gatineau, Longueuil and Lévis.

More recently, the Québec government adopted the Orders in Council launching the amalgamation process of certain municipalities located within the urban agglomerations of Sherbrooke, Trois-Rivières and Chicoutimi-Jonquière.

Municipal mergers should result in substantial savings by putting an end to the duplication of services and a surfeit of infrastructure.

To generate the anticipated savings more easily, the Québec government will provide the new mega-cities with financial assistance in the form of interest payments on loans contracted by the latter to finance the voluntary departure incentives offered to their employees. The maximum amount of the loans eligible for this assistance will be \$150 million.

The amount of interest the government will have to cover is estimated at \$9 million over the next four fiscal years. For fiscal year 2001-2002, appropriations of \$0.9 million have been added to the budget envelope of the ministère des Affaires municipales et de la Métropole. Subsequently, funding of \$5.6 million, \$1.7 million and \$0.8 million will be required for each successive year.

These amounts are over and above the funding allocated under the Financial and Fiscal Agreement reached with the municipalities last fall, under which a total of \$210 million was set aside over five years to facilitate the municipal reorganization process.

7.4.2 Improvement of the RénoVillage program

The RénoVillage program, administered by the Société d'habitation du Québec, is designed to provide financial assistance to low-income owner-occupants living in rural areas so they can correct major defects that may jeopardize their safety or the sanitation of their homes.

The program was initially announced in the 1997-1998 Budget Speech. The envelope provided for was \$50 million. Given the great success of this program, this budget will have been fully committed as at March 31, 2001.

To enable more low-income households to benefit from this program, the RénoVillage envelope of the ministère des Affaires municipales et de la Métropole has been increased by \$5 million in 2000-2001. Taking into consideration the contributions made by other government levels, this additional funding will enable grants totalling \$12.5 million to be awarded.

7.4.3 Conversion of the Montréal Olympic Stadium tower into office space

Since construction of the Olympic Stadium tower (now known as the Montréal Tower) was completed in 1987, numerous proposals targeting use of the premises have been examined by the Régie des installations olympiques (RIO). None of these projects came to fruition, due to technical difficulties or financing problems experienced by the proponents.

BUSAC, a real estate corporation, submitted a proposal to convert the Montréal Tower into office space. This project will entail the creation of at least 1 000 new jobs, mainly in the new-economy sector. The signing of a lease between BUSAC and the RIO will generate additional rental income for the RIO of some \$1 million annually over the next four years.

The total cost of the investment is estimated at \$45 million. BUSAC will inject approximately \$25 million into the project. Given the need to revitalize the economy of east-end Montréal, the anticipated economic spin-offs, the diversification of the RIO's income sources and the formidable challenges associated with the renovation work to be done on the Tower, the government has decided to provide financial backing for this project. A grant of \$20 million will thus be awarded to the Corporation immobilière BUSAC.

In order to promote the business initiatives of the RIO, the budget envelope of the ministère des Affaires municipales et de la Métropole has been increased by \$20 million for the year 2000-2001.

Furthermore, Investissement Québec will grant financial assistance in the form of a guarantee of reimbursement of 50% of the loss incurred on a loan not exceeding \$15 million. The appropriations required for this purpose, i.e. \$1.1 million, will be taken from those of the ministère des Finances for the year 2000-2001.

7.4.4 Support for the less affluent RCMs of Québec's central regions

In Québec's central regions,² certain regional county municipalities (RCMs) have not experienced the same level of economic growth as others in recent years. According to a general socio-economic development index devised by the ministère des Régions, 20 of these RCMs are currently faced with economic challenges.

2 The Capitale nationale, Outaouais, Estrie, Chaudière-Appalaches, Centre-du-Québec, Laurentides, Lanaudière and Montérégie regions.

LESS AFFLUENT REGIONAL COUNTY MUNICIPALITIES IN QUÉBEC'S CENTRAL REGIONS

Region	Regional county municipality	Region	Regional county municipality
Capitale nationale	Charlevoix Charlevoix-Est	Lanaudière	Matawanie Montcalm
Centre-du-Québec	L'Érable Nicolet-Yamaska	Laurentides	Antoine-Labelle Argenteuil
Chaudière-Appalaches	L'Amiante Les Etchemins L'Islet Montmagny Robert-Cliche	Montréal	Beauharnois-Salberry Le Bas-Richelieu
Estrie	Asbestos Le Haut-Saint-François	Outaouais	La Vallée-de-la-Gatineau Papineau Pontiac

☐ Measures to bolster the capacity for action of local development centres (CLDs)

The government thus intends to bolster the capacity for action of the 20 local development centres (CLDs) in these areas. All told, it will be earmarking \$11.4 million over three years for the implementation of two measures, the first designed to bolster the capacity to act of the CLDs and the second to support rural areas, especially those in difficulty. This measure is conditional upon a contribution of \$4.2 million from the RCMs concerned.

• Bolstering the capacity for action of the CLDs

The objectives of this measure are to maximize the economic spin-offs of the investments made by the government and its financial partners in businesses, and to enhance the competitiveness of businesses located in these regions.

To this end, the \$6.6 million received from the government and the RCMs, i.e. \$4.4 million and \$2.2 million respectively, will provide each CLD with:

- an additional \$100 000 annually, thereby enabling it to better support and assist the industrial entrepreneurs in its area;
- an additional \$27 000 over three years for the upgrading of its computer system, thereby making it part of a more efficient and secure electronic network.

The government also intends to bolster the capacity for action of the local investment fund (FLI) to help stimulate business creation, expansion and consolidation. For this purpose, the ministère des Régions will receive an additional \$3 million in appropriations, disbursed in equal amounts of \$1 million over the next three years. This additional leeway will enable the most successful CLDs to provide loans to businesses in a total amount of \$10 million as part of their FLI.

- **Support for rural areas**

The government, in partnership with the 20 RCMs concerned, will accord specific assistance to rural areas experiencing major social and economic difficulties. What is needed to revitalize the economy of these communities is the creation of sustainable employment, predicated on the exploitation of their own unique resources, potential and assets.

Thus, a supplementary envelope of \$6 million over three years, with \$4 million being contributed by the government and \$2 million by the RCMs, will support initiatives launched by entrepreneurs in rural areas and assist in the preparation of their development projects (seed capital, specific expertise, microprojects, resource inventory, etc.), including social economy projects.

□ Economic project support program (PSPE)

In its 2000-2001 Budget Speech, the government announced a new financial measure in favour of the Gaspésie-Îles-de-la-Madeleine region, the economic project support program (PSPE). Under this program, investment projects of more than \$500 000 which do not qualify for the Private Investment and Job Creation Fund (FAIRE) program are eligible for financial assistance.

This program has been a success with small and medium-sized businesses. It will thus be extended to the 20 less affluent RCMs of Québec's central regions.

The attendant financial assistance can take the form of various non-refundable contributions or an interest subsidy on a loan guaranteed or extended by Garantie Québec. The budgetary impact of the financial assistance granted per project may not exceed 15% of eligible expenses; however, it will be possible to combine this measure with assistance granted under other programs, if this is deemed important for the implementation of the projects. The ministère des Régions will be responsible for this program.

In order to extend this program to the 20 RCMs concerned, the ministère des Régions will receive additional funding of \$11.6 million over three years.

In sum, for all of these measures, additional funding of \$5.7 million in 2001-2002, \$9.6 million in 2002-2003, \$7.7 million in 2003-2004 and \$3.7 million in 2004-2005 will be allocated to the ministère des Régions. That department will be responsible for creating, in each region, a coordinating committee whose task will be to oversee the implementation of these measures. For 2001-2002, the envelope of the ministère des Régions appearing in the Expenditure Budget has been increased by \$5.7 million.

7.4.5 Support for major international events

Each year, Greater Montréal plays host to numerous international events, which afford Québec more visibility abroad and generate sizeable tourism spin-offs. Tourisme Montréal estimates that the 9.8 million people from outside Québec who were in Greater Montréal for 24 hours or more in 1999 spent close to \$2 billion there.

The government intends to encourage more tourists to visit the Montréal region by providing financial support for new major international events, including Mosaïcultures internationales Montréal, the second edition of which is scheduled for summer 2001. To this end, the government will earmark \$1.5 million for the production of these events. The budget envelope of the ministère des Affaires municipales et de la Métropole shown in the Expenditure Budget for 2001-2002 has been adjusted accordingly.