

**2006-2007 Budget
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2006-2007 Budget Speech

Pursuing decentralization and regionalization

"In the past three years, we have moved Québec forward on the road to decentralization and regionalization. We have taken concrete steps to show our trust in the inhabitants of Québec's regions."

- Michel Audet

Québec, March 23, 2006 – "The regions and municipalities are our partners and engines of economic, social and cultural development. Elected officials informed us of their needs. We listened to them. We believe that they must be given the capacity to assume their responsibilities," stated Finance Minister Michel Audet in the 2006-2007 Budget Speech.

A new financial partnership with municipalities

The Minister of Finance thus announced the recent conclusion, with the representatives of all the municipalities in Québec, of an agreement in principle on the new financial partnership, which includes gradual reimbursement to the municipalities of the sales tax they pay on their purchases of property and services.

"This new partnership is part of a common desire to make sweeping changes in the relations and procedures between the government and the municipalities. By its scale and scope, it marks a new era in our relations with elected officials," affirmed Mr. Audet.

Supporting regional vitality

In order to step up assistance to the regional conferences of elected officers (CREs), the Minister of Finance announced that their budgets would be augmented by \$8 million a year.

Mr. Audet also announced additional funding of \$30 million for FIER-Régions, which, with the contribution of the private sector, will provide support for projects in the regions to the tune of \$45 million.

The Minister of Finance also announced a yearly \$15-million increase for the next three years in the budget of the local investment fund, as well as another \$12.5 million that will be devoted to the development of new businesses in the niches of excellence identified in the various regions of Québec.

Lastly, since the tourism industry is an important development engine for the regions, the 2006-2007 Budget provides for the investment of more than \$15 million this year, including \$12.5 million more annually in the tourism partnership fund.

"In short, this means that, more than ever, the power to make decisions on the development and the future of the regions, and the financial means required to act on them, is in the hands of the regions' inhabitants," affirmed Mr. Audet.

Improved cost-sharing for the Sûreté du Québec

On the same occasion, the Minister of Finance announced the settling of a major issue involving over 1 000 Québec municipalities.

The government will allocate an additional \$112.5 million for the next five years to ensure that the cost of Sûreté du Québec services is shared more equitably between the municipalities and the government.

Tools tailored to large cities

The 2006-2007 Budget Speech also stipulates that the government will pay, as of January 2007, the full amount of the property taxes of museums, the Grande Bibliothèque and the Grand Théâtre de Québec. This measure will result in nearly \$8 million in additional revenue for Montréal and Québec City.

The Minister of Finance also responded to a longstanding need expressed by municipal officials in Québec: a first-class airport for the national capital.

"I am announcing that we will also participate in funding the modernization of the Québec City airport. This will enable our capital to have infrastructures in line with its role, status and international visibility. This investment is fundamental not only for Québec City's economic growth, but also for welcoming the thousands of people who will come for its 400th anniversary celebrations," indicated Mr. Audet.

\$1.7 billion more for municipalities

"With this budget, the government is unequivocally making the inhabitants of the municipalities a priority. Just with the measures announced today, municipalities will receive almost \$1.7 billion more in the next five years, without taking into account the new financial partnership," concluded the Finance Minister.

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Source: Michel Rochette
Press Officer
Office of the Minister of Finance
(418) 643-5270