

BUDGET 2009-2010 PRESS RELEASE No. 2

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2009-2010 BUDGET

AN UNPRECEDENTED EFFORT TO PROTECT JOBS

Québec, March 19, 2009 – On the occasion of the tabling of the 2009-2010 Budget, the Minister of Finance and Minister responsible for Infrastructure, Monique Jérôme-Forget, announced a series of new measures to protect jobs and tackle the recession. “The measures in this budget will inject nearly \$3.4 billion more into the Québec economy in 2009 and in 2010,” she said.

In all, including the impact of the measures taken in recent months, the government is injecting an additional \$15 billion in cash resources into the economy over these two years, the equivalent of 4.9% of GDP. “Although Québec has not been affected to the same extent as its neighbours, our actions represent more than the 2% objective proposed by the International Monetary Fund, more than the federal government, at 4.1% of Canada’s GDP, and are comparable in scope to the plan proposed by the President of the United States, at 4.8% of U.S. GDP,” Minister Jérôme-Forget pointed out.

Protect businesses and save jobs

The government is announcing measures to support workers. It is injecting additional cash resources into the economy, reducing corporate taxes and supporting the forest sector. The Minister announced:

- the creation of a new stock savings plan, SSP II, that will allow a tax deduction to individuals who invest in eligible business. This deduction will be 150% until December 31, 2010, and 100% thereafter;
- the creation of a two-year \$500-million emergency fund in partnership with the Fonds de solidarité FTQ and the Société générale de financement. This fund will invest in businesses in all activity sectors;
- a \$200-million improvement to the Renfort program and its broadening to the forest and tourism sectors;
- the addition of \$60 million to the FIER-Régions. This increase will enable new FIER-Régions to be created and certain others to be recapitalized;
- the injection of an additional \$5 million in the Réseau d’investissement social du Québec to support the social economy;

- the creation, in partnership with the Caisse de dépôt et placement du Québec and the Fonds de solidarité FTQ, of a new \$825-million fund to finance venture capital funds;
- the creation of three seed funds totalling \$125 million to finance new businesses in the information and communication technology, life sciences and other technologies sectors;
- the extension of 50% accelerated depreciation for manufacturing and processing equipment until the end of 2011;
- 100% accelerated depreciation for computer equipment acquired before February 2011;
- the increase in the amount of income eligible for the reduced tax rate for small businesses from \$400 000 to \$500 000;
- additional assistance of \$65 million, over the next two years, in particular to improve the Silvicultural Investment Program, fund the production of seedlings and develop new markets for the forest sector.

Manpower training

An unprecedented effort will be made to help workers. Up to now, the Employment Pact has produced very encouraging results. In all, roughly 240 000 people and 9 200 businesses have benefited from Emploi-Québec services and measures. “The Pact will be improved and broadened. Combined with the contributions of the federal government and the private sector, the total investment will rise from \$1 billion to \$1.5 billion over three years,” the Minister pointed out.

“These investments will make it possible to meet the challenges raised by the recession,” the Minister of Finance added. Additional funds will be allocated to support the rise in the number of unemployed in all activity sectors. In addition, the application of the support program for workers affected by collective dismissal will be extended to all regions. Businesses will be encouraged to opt for worker training rather than lay-offs.

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