

Development Plan 2018–2020

**Striving to Develop
the Region's Full Economic Potential**



**Société
de développement
de la Baie-James**

Québec 

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Development Plan 2018–2020

INTRODUCTION

Under the provisions of the *James Bay Region Development Act*, the Société de développement de la Baie-James (SDBJ) must prepare a development plan and submit it for government approval. Order-in-Council 1152-2000 dated September 27, 2000, and subsequent amendments 392-2002, dated March 27, 2002, 73-2005 dated February 2, 2005, and 1148-2013 dated November 6, 2013, stipulated the required format, frequency and other criteria governing the plan.

The last development plan covered the 2015–2017 period and was submitted for government approval on November 6, 2014. However, its adoption was tabled due to issues relating to the Route de la Baie-James. Therefore, pursuant to the provisions of Order-in-Council 1148-2013, the SDBJ Development Plan 2011–2013, along with the necessary adaptations, would remain in effect pending approval of the next development plan.

With financing for the maintenance and upgrade of the Route de la Baie-James ensured for the next several years, this development plan covers the period from 2018 to 2020 and sets out the following:

- 1) The context in which SDBJ was operating at the time of filing of the development plan, in terms of its mission, the powers conferred upon it by its incorporating Act and the issues arising from them.
- 2) The guiding principals, objectives and measures the corporation intends to pursue to carry out its mission in terms of
 - development and diversification of the region's economy, including its business investment policy;
 - management of the region's transportation infrastructure and more generally, in terms of the mandates it can carry out for the government or a government department, agency or corporation; and
 - development of its human resources.
- 3) The desired results and timeframe set out for each of the objectives selected.
- 4) The qualitative and quantitative performance indicators selected to verify that the desired results have been obtained.
- 5) Evaluation of the results of the previous development plan.
- 6) Budget forecasts, including cash and financing requirements.

1. MISSION, VISION AND VALUES

The *James Bay Region Development Act*, under which SDBJ was created, was adopted by the National Assembly of Québec on July 14, 1971. SDBJ falls under the responsibility of the Minister of Energy and Natural Resources.

A mission to develop and diversify the region's economy

As an agent of the Québec government, SDBJ's mission is to:

promote, from a sustainable development perspective, the economic development, improvement and exploitation of natural resources other than hydroelectric resources falling within Hydro-Québec's mandate in the Baie-James territory. The SDBJ can also foster, support and participate in the implementation of projects having these objectives.

As part of this mission, SDBJ favours cooperation with other stakeholders in both the public and private sectors. It can also execute any mandate conferred upon it by the government or one of its departments, agencies or corporations, in any area relating to its objects and for which the costs are assumed in whole or in part by the principal.

The Cree Nation Government and Eeyou Istchee James Bay Regional Government (EIJBRG) may propose mandates to the government that could be awarded to SDBJ in any area relating to its objects and for which the costs would be assumed in whole or in part by the Cree Nation Government or the EIJBRG, as the case may be. These two levels of government may also propose draft guidelines concerning SDBJ's objectives and guiding principles to the Minister of Energy and Natural Resources.

A huge territory

The Baie-James territory lies between latitudes 49° and 55°N. It is bounded by the Ontario border and the Baie James (James Bay) watershed to the west, and by the drainage divide between the Baie James (James Bay) watershed and the Golfe du Saint-Laurent (Gulf of St. Lawrence) to the east. Extending over 350,000 km², it covers 42% of the Nord-du-Québec region or 23% of the entire area of Québec.

The fact that it is literally immense means that the territory presents many opportunities but just as many challenges, due to its small population and the distances between its communities. Together, the two groups of citizens who live in this vast territory, i.e., Crees and Jamesians (non-Crees), make up a total population of 29,420.¹

In addition to having been a cosignatory of the *James Bay and Northern Québec Agreement*, SDBJ signed an agreement with the Grand Council of the Crees in 1975, in which the parties established the principles of cooperation to apply henceforth in certain areas.

1. Data from the Secrétariat aux affaires autochtones [secretariat for aboriginal affairs] and the 2011 census.

The signing in 2002 of the *Agreement Concerning a New Relationship Between le Gouvernement du Québec and the Crees of Québec* (also known as the *Paix des Braves*) finalized the establishment of a new relationship and enabled the Crees to take more charge of their economic and community development. The agreement also stipulated that SDBJ was to finalize negotiations with the Cree Regional Authority concerning issues including the updating of the agreement signed on November 11, 1975.

The *Agreement on Governance in the Eeyou Istchee James Bay Territory*² signed in 2012 between the Crees and the Québec government gave the Crees wider powers over Category II lands. It also allowed for the creation of the EIJB RG, which replaced the Municipality of Baie-James in January 2014 and is made up of equal numbers of Cree and Jamesian representatives. This Agreement stemmed from the framework agreement entered into between the parties in May 2011.

Areas of action

SDBJ carries out its mission in two major sectors.

The mandate for the economic development sector is to promote, support and participate in business projects designed to develop the regional economy. With this in mind, and thanks to its revenues from the previous few years, the corporation was able to set up an economic development fund worth \$14,519,238 at September 30, 2017.

In regard to its service activities, SDBJ manages the transportation infrastructure on behalf two main clients, Hydro-Québec (HQ) and the Ministère des Transports, de la Mobilité durable et de l'Électrification des transports (MTMDET). Over the years, due to its expertise and regionalized structure, SDBJ has been mandated to manage more than 2,200 kilometres of roads, which represents more than 50% of the region's road network, as well as an airport and three aerodromes.

These mandates take the funders' financial needs and limits into consideration while maximizing the regional economic spinoffs generated by its activities.

Major clients

Businesses operating in the Baie-James territory

Hydro-Québec

MTMDET

Users of its diverse infrastructure (roads, airport, aerodromes and Km 381 service area) and lessees of its various buildings.

2. The various commitments relating to this Agreement were confirmed by the Order-in-Council adopted by the Québec Cabinet (Order-in-Council 745-2012, dated July 4, 2012), and by the adoption in June 2013 by the National Assembly of Québec of the *Act establishing the Eeyou Istchee James Bay Regional Government and introducing certain legislative amendments concerning the Cree Nation Government*. This Act also adopted the necessary legislative amendments to SDBJ's incorporating Act.

Partners

Cree Nation Government
Eeyou Istchee James Bay Regional Government
Administration régionale Baie-James
Société du Plan Nord
Regional organizations (Tourisme Baie-James, Eeyou Istchee Tourism, etc.)
Towns, municipalities and communities in the territory
Local economic development corporations
Research or technology transfer centres
Venture capital companies and financial institutions
Government departments and agencies

A mobilizing, inspiring vision

Using the experience it has acquired over the years and the means at its disposal, SDBJ has established a vision through which to guide the strategic choices set out below.

Striving to develop the region's full economic potential**Through values firmly rooted in its management practices and its client and partner relations**

This vision requires that SDBJ's fundamental values be well defined, as follows:

- Competence

SDBJ intends to continuously develop and improve its expertise and work methods in each of its areas of activity. Accordingly, its personnel must be competent and motivated, and must adhere to SDBJ's mission, vision, values, guiding principles and objectives.

- Openness

In all its business dealings, SDBJ encourages dialogue and tailors its services to the specific needs of its clients and partners. SDBJ also promotes a management culture focused on listening and finding solutions.

- Flexibility

SDBJ's ability to adapt to the region's sociopolitical context and business environment over the years has allowed it to successfully meet its goals.

- Respect

SDBJ's business decisions are always in line with its objectives and its status as a government corporation, and with the interests of its clients, partners and personnel in mind. The corporation's business relations are based on mutual trust.

- Integrity

SDBJ undertakes to conduct itself honestly and maintain a high level of professional ethics at all times.

An organization firmly rooted in its region

With offices in Matagami, Chibougamau and Radisson, SDBJ is able to cover the entire region. Its transportation infrastructure management mandates and economic development activities enable it to foster and maintain business relationships in all of the region's towns, municipalities and communities. Its various business practices, which promote regional economic spinoffs, also enable it to support local development.

SDBJ's presence in the various communities enables it to identify and understand their distinctive characteristics, which is essential to effectively developing and diversifying the region's economy.

2. BACKGROUND AND ISSUES

SDBJ has now been in existence for over 45 years and the environment in which it currently operates enables it to identify opportunities and adverse issues likely to influence its development. In addition, the rigorous analysis of its strengths and weaknesses has enabled SDBJ to identify major issues in order to guide the choice of its guiding principles and strategic objectives for the next three years and allow it to consolidate its gains with a view to continuous improvement.

These guiding principles and objectives are cross-functional in nature; each guiding principle includes objectives that directly concern all SDBJ departments, and each department will use these objectives to develop its annual action plan and thus, contribute to achieving SDBJ's mission.

2.1 NEW GOVERNANCE

The signing in July 2012 of the *Agreement on Governance in the Eeyou Istchee James Bay Territory* between the Crees and the Québec government was undoubtedly the most significant event of the decade for the region.

The Agreement stipulates that SDBJ must adopt a policy on employment, training, hiring and professional development, and implement administrative measures to facilitate access for Cree workers to employment opportunities within SDBJ, as well as to training and professional development. Furthermore, the Agreement confirms the government's commitment to purchase the unsubscribed portion of SDBJ's authorized share capital, which represents an additional \$30 million the corporation can use to carry out its mission. It further states that SDBJ must promote cooperation with the Cree Nation Government, the Cree communities, the EIJBRG, non-Cree municipalities and communities and the Administration régionale Baie-James, as well as other stakeholders in the public and private sectors.

Under this Agreement, the recommendations of the Cree Nation Government must be taken into consideration when appointing three members of SDBJ's Board of Directors and its Chief Executive Officer.

The *Agreement on Governance in the Eeyou Istchee James Bay Territory* thus represents real growth potential in terms of the mandates that may be entrusted to SDBJ. In combination with the government's commitment to purchase the unsubscribed portion of SDBJ's authorized share capital, this will strengthen SDBJ's initiatives over the next few years.

In regard to governance, the region is currently undergoing a significant transformation, which is sure to result in closer cooperation between the various levels of government—both Cree and Jamesian—in developing the region's economy. With its expertise and reputation now well established, SDBJ is in a position to play an increasingly key role in the region's economic development in the coming years.

ISSUE 1

SDBJ must join forces with all regional drivers with a view to working together on certain areas that may have a significant impact on the regional economy. In this regard, SDBJ could widen its scope of action based on its mission, the territory it covers, and its competencies and mean of action.

GUIDING PRINCIPLE 1

Promotion and support of growth-generating projects for the region's economy

This guiding principle stems from the importance of meeting major challenges relating to the regional economy and to the vitality of the region's many towns, municipalities and communities. It also relates creating regional partnerships and ensuring closer cooperation with government departments and agencies dedicated to economic development.

FOCUS 1

Regional, government and institutional cooperation

OBJECTIVE 1 Strengthen cooperation with the Cree Nation Government, Eeyou Istchee James Bay Regional Government and Administration régionale Baie-James.

Indicator: Number of growth-generating projects or partnerships supported

Definition: This indicator refers to the number of growth-generating projects or partnerships SDBJ has supported in response to requests from these entities. It also refers to SDBJ-supported projects or partnerships in which at least one of these entities participates.

Target

- At least three new growth-generating projects supported by the ended of 2020

Priority actions for this objective

- On a yearly basis, provide these entities with a progress report on SDBJ's development plan and a review of economic spinoffs generated by its activities, as well as SDBJ's annual report.
- Maintain ongoing relations with these entities.
- Participate in various issue tables on economic development.
- Promote the role SDBJ intends to play in driving growth-generating projects for the regional economy.

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| OBJECTIVE 2 Strengthen cooperation with government departments, agencies and institutions dedicated to economic development |
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Indicator: Number of growth-generating projects or partnerships supported

Definition: This indicator refers to the number of SDBJ-supported projects or partnerships in which at least one of these entities participates.

Target

- At least three new growth-generating projects supported by the ended of 2020

Priority actions for this objective

- Actively cooperate with the Société du Plan Nord.
- Establish cooperative or partnership agreements with agencies or institutions dedicated to economic development.
- Maintain ongoing business relations with local economic development agencies.
- Strengthen relations with investment institutions such as Investissement Québec, Community Futures Development Corporations, Fonds de solidarité FTQ and Capital régional et coopératif Desjardins, among others.
- Maintain involvement in the areas of excellence associated with the ACCORD Bois project.
- Extend the cooperative agreements signed with Tourisme Baie-James, Tourisme Eeyou Istchee and Capital régional et coopératif Desjardins.

2.2 DEVELOPING THE REGION'S ECONOMY

Since natural resources are the backbone of the region's economy, regional businesses must increasingly be able to benefit from their development and must be supported in their efforts if they are to remain active and competitive.

Through its corporate financing activities, SDBJ not only helps maintain business that are essential to the regional economy, but also supports start-ups. It is also crucial that SDBJ associate with other partners to achieve maximum financial leverage and contribute to creating a strong regional dynamic in terms of providing additional financing for the region's SMEs.

With respect to Québec's natural resources, given current favourable world market conditions and the mineral substances most in demand since 2016, it is important to sustain and replenish the region's mineral reserves. Moreover, in the past few years, there has been increased interest in exploration for non-traditional substances like lithium, vanadium and rare earths, and application of the *Paris Agreement* on climate change will create even more demand for such minerals in the years to come.

For Québec, mining exploration companies have become the catalyst for discovery, thus gaining a competitive advantage over the major mining firms. Since financing for these companies from Québec's institutional funds (Sodémex, Sidex, Fonds de Solidarité FTQ, Capital régional et coopératif Desjardins, SDBJ, etc.) is of critical importance in the current financial environment, it is essential that this type of funding be maintained.

Thanks to the profits generated over the past few years, SDBJ has set up an economic development fund, which amounted to \$14,519,238 at September 30, 2017. The fund allows the corporation to further contribute to the economic development of the region's towns, municipalities and communities and thereby, support the government's economic development strategy. The cooperation SDBJ has established over the years with various economic development stakeholders from the municipal, government and private sectors has helped strengthen its economic development strategy.

Moreover, in accordance with its mission, SDBJ wishes to encourage, support and participate in the implementation of business projects designed to diversify the regional economy. In this regard, cooperation between the various economic stakeholders in the municipal, government and private sectors is essential.

Innovation generates higher potential for growing the economy and creating employment. Finding new development opportunities is crucial to economic diversification. Consequently, a proactive approach had to be adopted to enable the corporation to continually watch for and identify the most promising projects. It also became necessary to forge strategic alliances with various economic stakeholders in the region and elsewhere to benefit from a multiplier effect. It has now become important to strengthen these alliances by including academia and existing research centres (Consortium de recherche minérale, the forest products research institute, etc.).

SDBJ's business practices also enable the corporation to provide additional development opportunities for the region's businesses as part of its various mandates. In addition, the profits SDBJ earns from its mandates are reinvested in the regional economy.

ISSUE 2

Funding from SDBJ not only contributes to maintaining and creating businesses that are essential to the region's economy, but also helps new developers go into business and supports mining exploration. Finding new development opportunities is essential to economic diversification. A proactive approach must therefore be adopted to support implementation of the most promising projects. It is also necessary to be able to invest in a project at the seed stage, in concert with other partners. Projects resulting from such an approach will become real catalysts for regional development. Furthermore, SDBJ's contract award practices help keep the region's businesses going.

GUIDING PRINCIPLE 2

Support and diversification of the region's economy

Directly linked to SDBJ's mission, this guiding principle stems from the need to support entrepreneurial projects, strengthen and diversify the economy and improve the quality of life of the region's populations.

FOCUS 2

Business Support

OBJECTIVE 3 Promote the maintenance, growth and creation of businesses operating in the region.

Indicators: Investments made by SDBJ and its partners in mining exploration companies.

Definition: These indicators refer to SDBJ's total investments SDBJ in mining exploration companies operating in the region, the leveraging effect of such investments and the performance of the mining investment portfolio.

Targets

- At least \$2,000,000 invested by the end of 2020.
- These investments must generate a leverage factor of at least 5.
- This investment portfolio must generate an average annual return of 3%.

Indicators: Investments made by SDBJ and its partners in businesses operating in other economic sectors.

Definition: These indicators refer to the total amounts invested by SDBJ in businesses operating in other economic sectors, the leveraging effect of such investments and the performance of the private equity investment portfolio.

Targets

- At least \$1,000,000 invested by the end of 2020.
- These investments must generate a leverage factor of at least 5.
- This investment portfolio must generate an average annual return of 8%.

Priority actions for this objective

- Promote the mining investment portfolio with mining exploration companies.
- Continue the cooperative agreement with Capital régional et coopératif Desjardins.
- Work in cooperation with the other institutional investors to finance mining exploration companies.
- Acquire a thorough knowledge of current and future major economic projects in the region.
- Identify subcontracting opportunities for regional businesses associated with these projects.
- Promote the equity investment fund with businesses operating in the region.
- Participate in events related to economic development in the region.
- Improve investment-related risk management.

FOCUS 3

Economic diversification

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| OBJECTIVE 4 Research and support innovative business projects |
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Indicators: Number of innovative business projects completed and value of the contribution from SDBJ and its partners.

Definition: These indicators refer to the number of innovative business projects that will be completed as a result of the involvement of SDBJ and its partners, and the value of the contribution from SDBJ and its partners to support these projects. An innovative project is characterized by the adoption of a new technology, procedure or product that is likely to increase the potential for growth and economic diversification.

Targets

- At least three innovative business projects completed by the end of 2020.
- \$450,000 invested in such projects by the end of 2020.
- These investments must generate a leverage factor of at least 3.

Priority actions for this objective

- Define SDBJ's framework for action in such projects.
- Research and support various avenues of economic diversification, particularly in terms of secondary and tertiary wood processing and under-harvested resources (i.e., non-timber forest products, biomass, etc.).

- Encourage the members of Réseau Capital Baie-James to participate in financing innovative projects from the seed stage.
- Further develop SDBJ's relationship with the various existing research centres.
- Pursue our business relations with the region's various economic development organizations.

FOCUS 4 Regional economic spinoffs

OBJECTIVE 5 Stimulate the creation of wealth in the region

Indicators: Direct economic spinoffs from goods and services procurement contracts awarded by SDBJ, not including those awarded as part of the Route de la Baie-James upgrade project.

Direct economic spinoffs from goods and services procurement contracts awarded by SDBJ for the Route de la Baie-James upgrade project.

Jobs held by SDBJ employees living in the region.

Definition: These indicators refer to the proportion of goods and services procurement contracts of more than \$25,000 awarded to regional businesses by SDBJ as part of its ongoing activities and for the Route de la Baie-James upgrade project, as well as the proportion of salaries paid to SDBJ employees living in the region.

Targets

- At least 80% of all contracts must be awarded to regional businesses, not including those awarded for the Route de la Baie-James upgrade project.
- The proportion of contracts awarded to regional business for the Route de la Baie-James upgrade project must exceed that set out in the project's supply structure (i.e., it must be greater than 27.4%).
- At least 70% of SDBJ salaries must be paid to employees living in the region.

Priority actions for this objective

- Enhance business practices to optimize economic spinoffs generated by SDBJ-awarded contracts.
- Implement measures to favour the hiring of local workers and subcontractors in public calls for tender that include suppliers or service providers from outside the region.
- Require that a report be produced on regional economic spinoffs generated by the various contracts awarded by SDBJ for the Route de la Baie-James upgrade project (i.e., jobs, acquisitions, subcontracts, etc.).
- Analyze results on an annual basis and identify and implement solutions for improvement.
- Maximize the number of SDBJ employees living in the region.
- Adopt a policy on employment, hiring and professional development for Cree SDBJ employees.

→ Implement administrative measures to facilitate access for Cree workers to employment opportunities within SDBJ, as well as to training and professional development.

2.3 STRATEGIC INFRASTRUCTURE FOR THE REGION

ROUTE DE LA BAIE-JAMES: THE BACKBONE OF THE REGION'S ROAD SYSTEM

The sustainable development of a region requires that its transportation infrastructure be safe and in adequate condition at all times. This becomes even more important when the towns, municipalities and communities served by such infrastructure are located in remote areas and have little or no effective means of communication over long distances, making quick access to repair or emergency services impossible.

In this regard, it is imperative that the Route de la Baie-James upgrade project³ go forward. The highway, which is part of SDBJ's asset base links Matagami to Chisasibi and Radisson, has not undergone any repair work since 1977.

Traffic on the highway has more than doubled in the last 20 years and will continue to increase due to growth in the Cree population and the development of new mining projects. It should also be noted that the rail line connecting Matagami to the Abitibi-Témiscamingue region is the intermodal link for transporting products south from these future mines.

The Route de la Baie-James also plays a key intermodal role as the land link for carriers transporting goods to Northern Québec by cargo plane from La Grande-Rivière airport at the highway's northern end.

In this context, the Québec government prioritized the Route de la Baie-James upgrade project in 2015 under the National and Regional Projects component of the Building Canada Fund (Building Canada Plan 2014–2024) and confirmed an allocation of \$100 million. However, since SDBJ's preliminary project cost assessment was on the order of \$260 million, it was necessary to obtain new positioning from the government authorities to render a decision on the budget to be allocated for the project. To this end, an interdepartmental committee made up of various government partners and SDBJ was created.

Another phase was completed when the Société du Plan Nord confirmed the allocation of \$2,500,000 in the 2014–2015 fiscal year to enable SDBJ to conduct the necessary planning for the upgrade project. The government also authorized that emergency repairs be carried out in 2015 and 2016 to ensure road user safety.

The project management plan and business case prepared as part of the interdepartmental committee's mandate made it possible to obtain the required approvals and apply for federal government funding. On May 26, 2017, upon completion of this process, the federal government confirmed its financial contribution of \$108, 337, 779 to complete the financing package for this major, \$265-million project involving both levels of government.

3. Designates both the Route de la Baie-James and the Chemin de Chisasibi

The project consists in ensuring that the road surface over more than 50% of the entire length of the highway is in satisfactory condition by the end of 2021. It also entails replacing 226 defective culverts, including 197 on the Route de la Baie-James and 29 on the Chemin de Chisasibi. Repair work will also be carried out on all 12 bridges on the Route de la Baie-James. Finally, the roadsides will be cleared and the signage replaced on both roads, and guardrails will either be replaced or added on the Route de la Baie-James.

SDBJ has been mandated to manage the project. The interdepartmental steering committee on the maintenance and upgrading of the Route de la Baie-James is responsible for monitoring the project's planning and completion. Set up by the Minister of Energy and Natural Resources, the committee is made up of representatives from the Ministère de l'Énergie et des Ressources naturelles, SDBJ, MTMDET, the Société québécoise des infrastructures, the Société du Plan Nord, the Ministère des Forêts, de la Faune et des Parcs, the Ministère des Finances and the Secrétariat du Conseil du trésor.

The cost of routine maintenance of the highway is currently assumed by HQ. However, since the highway is increasingly used by the public and industry in general, HQ now refuses to bear these costs alone. Note that the financial constraints imposed over the past few years have also led to a significant reduction in user services. In fact, the budget allocated by HQ for 2015 and 2016 was only \$2.7 million, whereas the annual budget necessary to ensure a minimum maintenance level for the highway, established in cooperation with MTMDET in 2013, should have been \$8.2 million. For 2015, the Société du Plan Nord provided additional funding of \$2.8 million to enable SDBJ to continue maintaining the highway. During the 2016–2017 fiscal year, MTMDET allocated a grant of \$5 million a year over four years, thus making it possible to increase the highway's maintenance level as of 2016. HQ also committed to maintaining its annual financial contribution of approximately \$3 million.

LA GRANDE-RIVIÈRE AIRPORT: A FACILITY THAT SHOULD BE DEVELOPED

La Grande-Rivière airport is already a major hub for passengers and goods going to the Inuit communities along the coast of Baie d'Hudson (Hudson Bay). Every year, the facility accommodates more than 8,000 aircraft movements, some 60,000 passengers and approximately 7,500 tons of cargo. It is also well placed to connect with Nunavut communities in the Baffin region.

La Grande-Rivière airport could also be an important development tool for nearby communities.

A 2012 study showed interesting growth potential for the volume of goods that could move through the airport. In fact, significant savings could be achieved by trucking more goods to the airport via the Route de la Baie-James and then flying them north by cargo plane.

Implementation of the Plan Nord could also generate more activity at La Grande-Rivière airport, but the facility must be in a position to take advantage of it.

Freight transport to northern communities and mining projects is a vital economic activity. Since it is less costly to transport goods by land than by air, it would be appropriate to take advantage of the geographical location of La Grande-Rivière to increase the volume of goods moving through it.

Increased freight transport would generate major, sustainable economic spinoffs in terms of employment for local communities and the distribution, road transport and specialized services sectors.

In addition, current rate practices at La Grande-Rivière are no longer in line with airport industry best practices.

OTHER STRATEGIC INFRASTRUCTURE

The Baie-James region contains other strategic infrastructure that could be further developed to address the needs of industry in general and bolster the region's economic development. SDBJ could play a more active role in maintaining and operating such infrastructure in close cooperation with the Société du Plan Nord and the various stakeholders.

However, the sustainability of the region's other strategic infrastructure is not ensured in the long term. This also applies to the rail systems serving Matagami and Chibougamau. Well maintained rail links remain an asset for the mining and forest industries and for the region's economic growth. Furthermore, the absence of an efficient, long-distance telecommunications network makes it difficult to organize the emergency response services that could be required by users. On both the Route de la Baie-James and the Route des Monts Otish [Monts Otish highway], emergency response times are long, which can increase the severity of accidents. It is also important to ensure the long-term operability of the Km 381 service area on the Route de la Baie-James.

PLAN NORD

The Plan Nord is a development plan for the portion of Québec located north of the 49th parallel. The plan covers a territory of some 1.2 million km², which represents 72% of the province's entire area.

The Plan Nord's objective is to further economic development in the energy, mining, forest, bio-food, tourism and transport sectors, as well as wildlife development, environmental protection and biodiversity conservation.

To coordinate implementation of the various components of the Plan Nord, the Québec government created the Société du Plan Nord. The Fonds du Plan Nord, a northern development fund, was also set up to be "...dedicated to providing financial assistance for measures and strategic infrastructure promoting the development of the area open to northern development and to financing the protection of the area and social measures aimed, in particular, at meeting the needs of the populations living in that area." Financial support for strategic infrastructure can include its construction, repair, maintenance or operation.

In addition, implementation of the Plan Nord will lead to new development initiatives for the Baie-James region and its populations, which in turn, should increase SDBJ's economic development activities in the coming years.

SDBJ's incorporating Act also stipulates that it may operate any means of land, air and communications, as well as telecommunications.

ISSUE 3

The territory's openness and accessibility are key to the Plan Nord's success and the economic prosperity of the region's towns, municipalities and communities. In addition to developing new strategic infrastructure in the region, investments will be required to preserve existing transportation infrastructure. It is important that the Route de la Baie-James upgrade project receive adequate funding to maintain a minimum maintenance level and carry out the required repair work on the highway. The long-term operability of La Grande-Rivière airport must also be ensured, namely by developing its full potential. As part of the implementation of the Plan Nord, it may be necessary to develop, maintain and preserve other strategic infrastructure. Through its economic development mission and competence to act, SDBJ may contribute to the development and operation of such infrastructure.

GUIDING PRINCIPLE 3

Contributing to the development, maintenance and operation of the region's strategic infrastructure

Developing the region's full economic potential requires the preservation of its strategic infrastructure and the development of other critical infrastructure. SDBJ now has a more adequate budget with which to conduct routine maintenance of the Route de la Baie James and carry out the project to upgrade it. Financial contributions from the Société du Plan Nord, HQ, MTMDET and the Government of Canada will also enable the corporation to maintain and upgrade the Route de la Baie-James in accordance with the conditions stipulated in the approved management plan for the project. SDBJ will be required to complete the project within the stipulated time period and framework set out in the agreement entered into between the governments of Québec and Canada respecting the Route de la Baie-James upgrade project.

Moreover, since SDBJ is already an agent of HQ and MTMDET for the management, maintenance and operation of transportation infrastructure, it could play a more active role in developing, maintaining preserving other strategic infrastructure in close cooperation with the Société du Plan Nord and various regional stakeholders.

FOCUS 5 Maintenance, operation and preservation of strategic infrastructure under SDBJ's mandate

OBJECTIVE 6 Carry out the mandate to manage the Route de la Baie-James upgrade project.

Indicators: Cost Performance Index (CPI), Schedule Performance Index (SPI) and To Complete Performance Index (TCPI).

Definition: The CPI is expressed as the ratio of earned value (EV) to actual cost (AC) for the upgrade work performed at the end of six months. The SPI is the ratio of EV to planned value (PV) for the upgrade work performed at the end of six months. The TCIP is the ratio of BAC (budget at completion, i.e., the project's initial approved budget) minus EV to BAC minus AC for the work.

The EV is a fictitious value representing the monetary value of the upgrade work performed at the end of six months. It is calculated by multiplying the BAC by the PV, i.e., the percentage of work performed at the end of six months.

Targets

- CPI and SPI greater than 1.0 at the end of each six-month period.
- TCPI no greater than 1.0 at the end of each six-month period.

Indicator: Schedule of progress reports on the Route de la Baie-James upgrade project.

Definition: This indicator refers to the schedule for submitting periodic progress reports on the Route de la Baie-James upgrade project as stipulated in the project management plan.

Targets

- Submit monthly project progress reports no later than 14 days following the end of each month.
- Submit a summary project progress report no later than 45 days following March 31 and September 30 of each year.
- Submit an annual project progress report no later than 120 days following the end of each SDBJ fiscal year.

Priority actions for this objective

- Carry out the project in compliance with the governance structure set out in the project management plan.
- Plan and organize all project management committee meetings.
- On an annual basis, develop a work plan in compliance with the conditions set out in the project management plan.
- Hold calls for tenders in compliance with the detailed procurement strategy set out in the project management plan.
- Ensure follow-up of work progress, cost control and schedules.
- Conduct an annual review of project-related risk.
- Implement a borrowing program to secure financing of the Route de la Baie-James upgrade project for the 2018–2020 period.
- Make arrangements with the Société du Plan Nord, MTMDET and other partners, if applicable, concerning the terms of payment for future contributions relating to upgrading and maintenance of the Route de la Baie-James.

OBJECTIVE 7 Implement rate practices that are in line with industry best practices at La Grande-Rivière airport.

Indicator: Date of implementation

Definition: This indicator refers to the date of implementation of the new rates for the various airport services offered at the facility.

Targets

- Implementation of the new rate grid by December 31, 2018.

Priority actions for this objective

- Complete the analysis of the new rate grid to be implemented no later than June 30, 2018.
- Agree with the main clients on an implementation plan for the new rate grid no later September 30, 2018.
- Ensure that SDBJ can make financing arrangements with Transport Canada under the Airports Capital Assistance Program.

OBJECTIVE 8 Ensure profitable operation of the Km 381 service area.

Indicator: Gross margin

Definition: This indicator refers to the gross margin generated by operation of the Km 381 service area.

Target

- Reach or surpass the gross margins forecast for the 2018–2020 period:
 - 2018: \$326,671
 - 2019: \$378,698
 - 2020: \$393,851

Priority actions for this objective

- Develop a Web site to promote the services offered at Km 381.
- Implement a preventive maintenance program for the service area's buildings and equipment.
- Conduct a regular review of the rate grid for the services offered.
- Adapt service supply methods based on sales.
- Complete electrification of the site by December 31, 2018.
- Diversify sources of revenue.

FOCUS 6 **Development and operation of strategic infrastructure**

OBJECTIVE 9 Develop the full potential of La Grande-Rivière airport.

Indicator: Percentage of self-financing from operation of the airport.

Definition: This indicator corresponds to the ratio of the airport's revenues to its total operating expenses.

Target

- Self-financing of 70% by the end of 2020.

Priority actions for this objective

- Produce a draft business plan to increase the volume of goods moving through the airport by June 30, 2018.
- Produce the final business plan by September 30, 2018.
- Seek funding from the federal government to support all development projects related to the airport.

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| OBJECTIVE 10 | Contribute to the operation of other strategic infrastructure. |
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Indicator: New mandates

Definition: This indicator refers to the number of new mandates to be entrusted to SDBJ for the maintenance and operation of strategic infrastructure.

Target

- At least three new mandates entrusted to SDBJ by the end of 2020.

Priority actions for this objective

- Promote the role SDBJ intends to play in operating strategic infrastructure.
- Continue discussions with MTMDDET with a view to obtaining further mandates.
- Seek new mandates to manage strategic infrastructure (i.e., airports, roads or other infrastructure).

2.4 A PRODUCTIVE ORGANIZATION

Over the past few years, SDBJ has worked to improve its organizational performance, which is one of the reasons it has been able to improve its financial situation. One of the key factors of this performance has undoubtedly been its flexibility in meeting the many challenges it has faced.

For instance, SDBJ does not receive government contributions to fund its operating costs. Moreover, since 2003, it has had to generate its own investment capital for its economic development activities. Meeting this twofold challenge required the corporation to drop some of its activities, sell some of its real estate and constantly adjust its operations based on turnover while continuing to work toward achieving its mission. Over the past decade, these actions have enabled SDBJ to increase its shareholder equity from \$16,021,750 to \$31, 211,290.

SDBJs plan to improve its operating results will require that it also increase its profits, namely by obtaining new mandates. To do so, it intends to exercise even more flexibility to enable it to rapidly address the needs of its various clients and partners.

In addition, the government's commitment to purchase the unsubscribed portion of SDBJ's authorized share capital represents financial leeway of \$30 million it can use to achieve its mission. SDBJ could thus self-finance its economic development activities with interest income from the short-term investments it makes as a result of such purchase. As a consequence, its economic development investments would grow and the resulting profits would gradually replace the interest earned on short-term investments. The purchase would then allow the corporation's economic development fund to enter a growth phase and reach maturity in seven to ten years.

SDBJ is constantly faced with problems in terms of recruiting and retaining its workforce and the need to develop ongoing training programs, and the impossibility of ensuring good knowledge transfer prior to the departure of key employees, since it does not have enough staff to be able to prepare successors from among its personnel.

These problems become magnified because of the Baie-James region's distinctive characteristics, which include its small population, remoteness and high cost of living, particularly in Radisson. SDBJ must therefore be able to attract new employees and welcome, integrate and train them to be able to retain them.

ISSUE 4

The SDBJ expects to face some interesting challenges over the next few years. However, they require that it improve its ability to address them. SDBJ has a solid foundation, but also has more fragile aspects that now need to be solidified. This is why a series of initiatives must be put forward to consolidate or even improve the organization's performance from an economic, human and environmental point of view. Accordingly, it must focus on three key areas: asset management, human resources and continuous improvement of its business processes. With regard to its assets, SDBJ will make efforts to implement preventive maintenance programs for equipment and maintenance and repair for buildings, while constantly striving to improve its financial situation and profitability. With regard to human resources, the corporation will focus on achieving their full potential and improving job satisfaction. To perform well, SDBJ must implement many different processes, each of which contributes added value; it must therefore strive to continuously improve its efficiency to meet the challenges of its environment.

GUIDING PRINCIPLE 4

Be a productive organization

SDBJ intends to become a more productive organization by soundly managing its assets, further developing its human resources and continuously improving its business processes.

FOCUS 7 Asset management

OBJECTIVE 11 Implement an optimal program to maintain its buildings and equipment and bring them up to standard.

Indicator: Program completion schedule, including fiscal projections.

Definition: This indicator refers to the schedule for completion of the optimal program to maintain its buildings and equipment and bring them up to standard.

Target

- Complete the program by the end of April 2018.

Priority actions for this objective

- Establish a work method that provides an idea of what the final result will be.
- Gather the necessary information to complete the program from the analyses conducted to date.
- Develop a three-year program based on priorities and produce a cost estimate.
- Submit the three-year program for approval by the Board of Directors.
- Conduct an annual review of the three-year program as part of budget development.

Indicator: Degree of completion of program implementation

Definition: Program implementation status as a percentage.

Targets

- 20% completed by December 31, 2018.
- 40% completed by December 31, 2019.
- 60% completed by December 31, 2020.

Priority actions for this objective

- Ensure adequate financing based on priorities.
- Track work progress as part of the quarterly activity report.
- Update the program on an annual basis.

FOCUS 8 Human resources

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| OBJECTIVE 12 Implement a stimulating human resources strategy and management processes adapted to the context of the region. |
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Indicator: Development of a workforce mobilization program

Definition: Status of development of the mobilization program

Target

- Program 100% completed by December 31, 2018.

Indicator: Implementation of the mobilization program

Definition: Status of implementation of the mobilization program

Target

- All regular staff will have participated in the program by the end of 2019.

Priority actions for this objective

- Review human resources policy and all human resources management programs.
- Hold regular meetings with personnel.
- Publish an internal newsletter.
- Get senior and middle management and professional staff involved in implementing the program.

FOCUS 9 Business processes

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| OBJECTIVE 13 | Generate operating income |
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Indicator: Cumulative operating income from 2018 to 2020

Definition: Operating income is defined as income before losses from loan write-offs, loan impairments and other-than-temporary losses in the value of investments.

Target

- Generate cumulative operating income of at least \$1,890,641 between 2018 and 2020 (not including the Route de la Baie-James upgrade project).

Priority actions for this objective

- Increase SDBJ's profits by seeking new mandates.
- Obtain an agreement from the government to purchase the unsubscribed portion of SDBJ's authorized share capital.
- Improve energy performance in SDBJ buildings.
- Reduce the cost of operating SDBJ vehicles and equipment.

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| OBJECTIVE 14 | Develop and implement systems to continuously improve SDBJ processes. |
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Indicator: Internal audits of existing systems

Definition: Deadline for auditing existing systems.

Target

- All existing systems audited no later than March 31 of every year.

Priority actions for this objective

- Pursue implementation of the Safety and Security Management System at La Grande-Rivière airport in the ISOVISION system.
- Implement the Environmental Management System and risk management action plans in the ISOVISION system.
- Ensure optimum operation of the ISOVISION system.

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| OBJECTIVE 15 | Improve financial management information |
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Indicator: Financial dashboards

Definition: This indicator refers to the schedule for implementation of financial dashboards adapted to management needs.

Target

- Implementation completed in all departments by September 30, 2018.

Priority actions for this objective

- Review and improve invoice processing procedures.
- Review and improve contract administration procedures.
- Review and improve investment tracking procedures.
- Produce monthly and quarterly expense forecasts.
- Update sales billing procedure at the Km 381 service area.