DOING BUSINESS IN CANADA

FEDERAL INCENTIVES TO INDUSTRY

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE
OTTAWA, CANADA

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FEDERAL INCENTIVES TO INDUSTRY

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K1A 0H5

FOREWORD

This booklet deals with major federal government incentives available to industrial organizations in Canada. It is intended as a guide in this field and, as such, refers only to the basic provisions involved. Accordingly, industrial organizations proposing to take advantage of any of these incentive measures are advised to contact the appropriate authorities referred to in the text.

Every effort has been made to accurately reflect the legislation in force at the time of preparing this material.

Other publications available from the "Doing Business in Canada" series are:

The Business Environment

Forms of Business Organization

Canadian Customs Duties

Taxation — Income, Business, Property

Taxation — Sales, Excise, Commodity

Labour Legislation

Construction and Equipment Standards

Patents, Trade Marks, Industrial Design and Copyright

Tariff Preferences for Canadian Goods Abroad

Also available:

Financing Canadian Industry

Revised 1974

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INTRODUCTION

The Canadian economy is becoming increasingly characterized by a broad population base, expansion of the domestic market, urbanization, and diversified production facilities. In effect, Canada has undergone a modern industrial revolution in which advanced technology, modern transportation facilities and a highly skilled and flexible labour force are combined in an expanding market with a factory based system of specialized production to serve it. These basic structural changes have decisively committed the Canadian economy to an industrial future.

The encouragement of industrial expansion has always been of major concern to Canada. In its efforts to ensure continued sound industrial growth, the Canadian government is aware that an attractive investment climate must, on occasion, be complemented by positive incentive measures geared to the needs of industry and to the requirements for a maximum rate of growth on the basis of available resources.

This chapter of the *Doing Business in Canada* series is intended only to highlight the major industrial development incentives available at the federal level.

It is generally advisable to contact officials of the appropriate agency informally before preparing an application for assistance under any of the programs described in this booklet. In this way applicants are ensured of having the most recent information on the program and on application procedures. In the case of programs of the Department of Industry, Trade and Commerce, enquirers may obtain further information from any of its regional offices (see Appendix A) or from the addresses given in the text.

INCENTIVES FOR REGIONAL DEVELOPMENT

Although there is a continuing positive rate of national economic growth in Canada, the economy tends to operate with large regional variations. Some regions have lagged seriously behind the rest of the economy. The Department of Regional Economic Expansion (DREE) was established to stimulate increased economic activity, industrial expansion and new employment opportunities in these areas. Incentive grants or loan guarantees are available to companies which establish new manufacturing or processing facilities or expand or modernize existing plants in designated regions and special areas. In addition, loan guarantees are available for certain types of facilities providing commercial services.

Types of Assistance

There are two basic types of incentives available: development incentives and loan guarantees.

Development incentives include the following:

1) Development grant (non-repayable)
2) Repayable development incentive
3) Provisional development incentive (repayable if the project achieves a certain level of profitability or other objectives agreed to in advance).

These development incentives are available individually or in combination. They may also be combined with guarantees on loans from private lenders.

Development incentive payments are exempt from income tax. For capital cost allowance purposes, however, the value of the assets must be decreased by the amount of the development incentive.

Designated Regions

Development incentives and loan guarantees are available in regions designated by the Governor in Council under the authority of the Regional Development Incentives Act.

The regions designated from April 1, 1974 to December 31, 1976, include all of the Provinces of Newfoundland, Nova Scotia, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan, together with all of the Province of Quebec except the Montreal-Hull corridor, and the Province of Ontario north of the southern boundaries of the Districts of Nipissing and Parry Sound.

Eligible Industries

Most manufacturing and processing industries are eligible for development incentives and loan guarantees.

The major exceptions are petroleum refining, certain parts of the pulp and paper industry, mining, and the growing, harvesting or extracting of natural products. However, the processing of natural products in such operations as sawmills, fertilizer plants, fish plants or other food processing establishments qualifies under the program.

Amount of Incentive

The amount of the development incentive depends mainly upon the type of project and its size in terms of capital costs and jobs created, but may not exceed the established ceilings. Details on the maximum levels may be obtained from the Department of Regional Economic Expansion.

Three categories have been created. The first two (Sizes A and B) have standard formulas for development incentive calculations, subject to checks for viability, need and economic benefits. Size C projects, which do not involve a standard formula, require a complete evaluation prior to establishing the level of the incentive.

The definitions of the three categories are as follows:

Size A — projects with approved capital costs (ACC) of less than $200,000 **and** fewer than 40 jobs.

Size B — projects other than Size A cases with less than $1.5 million ACC **and** fewer than 100 jobs.

Size C — projects with at least $1.5 million ACC **or** at least 100 jobs.

Thus a $150,000 ACC project creating 45 jobs would be Size B, while a $1,000,000 ACC project with 110 jobs would be Size C.

The **standard formulas** for Size A and B projects are given below. They are based on percentages of approved capital costs (ACC) and the average of the approved capital costs (ACC) and the average of the approved annual wages and salaries (W&S) paid during the second and third years after the commencement of commercial production. Definitions of approved capital costs and approved wages and salaries are available from the Department of Regional Economic Expansion.

a) **New Facility or New Product Expansions**

1) Size A projects:
   - i) Atlantic Region — 25% ACC & 30% W&S
   - ii) Other Regions — 25% ACC & 15% W&S

2) Size B projects:
   - i) Atlantic Region — 25% ACC & 30% W&S
   - ii) Other Regions — 25% ACC & 15% W&S

b) **Modernizations or Volume Expansions, Sizes A and B**
   - i) Atlantic Region — 20% ACC
   - ii) Other Regions — 20% ACC

The full evaluation for Size C projects includes examination of the basic eligibility criteria, the financial need, the economic impact, and project viability. The recommendation by departmental officials is reviewed by an Incentives Advisory Board prior to being referred to the Minister of Regional Economic Expansion for decision.

Minimum Investment

The approved capital costs for new facilities, for new product expansions, for volume expansions and for modernizations must be at least $25,000. However, if a new facility or new product expansion has capital costs commensurate with the nature of the undertaking, but in no case less than $5,000, an offer can be made if at least **five** direct jobs are created in the operation.

Equity

Normally, the applicant must provide equity equal to at least 20 per cent of the total capital employed in the project. For expansions and modernizations, the equity must be equal to at least 20 per cent of the new assets and 20 per cent of the book value of other assets of the facility at the time of application. The equity requirements may be increased for high risk or sensitive projects.

Other Conditions

(1) Applications for incentives must be received while the project is in the planning stage, **before** any contractual commitments are made for buildings, machinery or equipment. No incentive can be paid in respect of a project committed before an application is received.

(2) The applicant must certify that a development incentive is a significant factor in his decision to proceed with the project.
(3) The applicant, and firms subject to control in common with the applicant, must normally continue to operate other Canadian facilities manufacturing similar products at the same level or a higher level than at the time of applying for the incentive.
(4) The applicant must co-operate with Canada Manpower Centres in the recruitment and training of personnel, and must undertake to employ, to the maximum extent practicable, residents of the region in which the facility is located.
(5) There must be satisfactory control of pollution.
(6) The applicant must give manufacturers in Canada a reasonable opportunity to supply, competitively, the machinery and equipment for the project and give consultants in Canada a reasonable opportunity to bid on contracts relating to the project.
(7) Applicants have 90 days from the date of an offer of a development incentive to accept it.
(8) Incentives can be provided only for facilities that will be brought into commercial production before December 31, 1976.

Loan Guarantees

The Department of Regional Economic Expansion does not make loans. The applicant is responsible for finding sources of loan financing for his project from among the commercial lending institutions. However, if he is unable to borrow as much as he needs, on reasonable terms, the Department may improve the security available to the lender by guaranteeing part of the loan. The only purpose of a guarantee is to increase the amount of the loan.

Firms wishing to take advantage of these incentives and other services are encouraged to contact the nearest local office of the Department of Regional Economic Expansion listed in Appendix B or write to:

Industrial Development Branch
Department of Regional Economic
Expansion
Ottawa, Ontario
K1A 0M4

RESEARCH AND DEVELOPMENT INCENTIVES

Introduction

Industrial research and development is encouraged generally with income tax allowances and by the Industrial Research and Development Incentives Act (IRDIA). Further assistance is offered by a variety of programs administered by the Department of Industry, Trade and Commerce and one program of the National Research Council. The intent is, to the extent that it is practicable, to extend financial support to all worthwhile research and development projects.

Income Tax Allowances

Under Section 37 of the federal Income Tax Act a corporation may deduct from its income all expenditures of a current nature made in Canada for scientific research and all expenditures of a capital nature made in Canada (for the acquisition of property other than land) for scientific research in the year in which they were incurred.

For purposes of this measure, scientific research means a systematic investigation or search by means of experimentation or analysis in the field of science to acquire new knowledge; to devise and develop new products and processes; or to apply newly acquired knowledge in making improvements to existing products or processes. In some cases, expenditures to develop, test and evaluate a prototype are considered as scientific research expenditures. However, expenditures for purposes such as market research, sales promotion, quality control or preparation of specifications are not recognized as eligible expenditures.

INDUSTRIAL RESEARCH AND DEVELOPMENT INCENTIVES ACT (IRDIA)

The Industrial Research and Development Incentives Act provides general incentives to industry for the expansion of scientific research and development in Canada. The act is administered by the Department of Industry, Trade and Commerce.

The act provides that taxable Canadian corporations may make application for cash grants, or credits against federal income tax liabilities, equal to 25 per cent of:

(a) all capital expenditures (other than for land) incurred in the past fiscal year on research and development carried out in Canada; and

(b) the increase in current expenditures in Canada for scientific research and development over the average of such expenditures in the preceding five years.

For the purposes of the act, scientific research and development means systematic investigation or search carried out in a field of science or technology by means of experiment or analysis. It includes basic research, applied research and development which is defined as using the results of basic or applied research for the purpose of creating new or improving existing materials, devices, products or processes. Market research, sales promotion, quality control, prospecting, exploring or drilling for or producing minerals, petroleum or natural gas, commercial production, style changes and routine data collection are excluded from the definition of scientific research and development.

To qualify for a grant, expenditures must be for scientific research and development likely to benefit Canada. To this end, corporations must undertake to exploit the results of their research and development work in Canada unless, according to sound business judgment, it would be uneconomical to do so. Furthermore, corporations must normally be free to exploit the results of their research and development in all export markets.

Grants made under the act are not subject to federal income tax and are in addition to the normal 100 per cent deduction of all expenditures for scientific research under the Income Tax Act.

Additional information may be obtained by writing to:

IRDIA Program Office
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

INDUSTRIAL RESEARCH ASSISTANCE PROGRAM (IRAP)

This program was established by the National Research Council in 1962 to encourage scientific research by Canadian industry. Assistance is in the form of grants and is intended primarily for applied research and development up to, but not including, preengineering preparation for production.

Financial assistance under this program is concentrated mainly on relatively longterm applied research through the establishment of new industrial research teams or the expansion of existing research groups. It excludes fields such as quality control, testing of products and production techniques, market research and sales operations. Minor improvement of existing machines and processes, development of new applications of a product, and other similar work do not receive prime consideration under the program.

The initiative in project selection rests entirely with the firm. The National Research Council Committee on Industrial Research Assistance assesses the program on its scientific merits and the capabilities of the company and its staff. The cost of an approved project is usually shared on the basis of approximately equal contributions by the National Research Council and industry. In practice, the division of costs generally provides for the payment of salaries and wages of scientific and technical staff by the government with payment for equipment and overhead by industry. Commercial security of industrial projects is maintained and all titles and rights to research results are retained by industry.

For further information, interested firms should contact:

The Secretary
National Research Council
Committee on Industrial
Research Assistance
National Research Council
Ottawa, Ontario
K1A 0R6

PROGRAM FOR THE ADVANCEMENT OF INDUSTRIAL TECHNOLOGY (PAIT)

This is a program of direct financial assistance, administered by the Department of Industry, Trade and Commerce, to stimulate sound industrial growth through the application of science and technology. The basic aim of the program is to help industry upgrade its technology and its innovation activity by underwriting specific projects to develop new or improved products or processes. The projects must involve a significant advance in technology and offer good prospects for commercial exploitation.

Assistance under the program is available to incorporated Canadian businesses for development projects to be carried out in Canada. Under the program, the Department of Industry, Trade and Commerce shares up to 50 per cent of the cost of a project including the cost of fabricating special test equipment and prototypes. However, it is not the purpose of the program to finance the establishment of a business or the acquisition of general purpose capital facilities or to cover the cost of setting up production.

The choice of development projects and responsibility for their direction and execution rest with industry. Applications will be assessed on the basis of the technical and commercial feasibility of the project. Companies will normally be expected to have the means to undertake the development work and also to provide for the manufacture and marketing of the end product or for the use for the resulting process. However, where necessary, companies may subcontract portions of the work to other companies, research institutes, universities or consultants within Canada.

Title to patents, designs, information and equipment resulting from the project will be held by the company. However, the company will be required to give an undertaking to exploit the successful results of a project in Canada within a reasonable period of time.

For further details on the Program for the Advancement of Industrial Technology, interested companies should write to:

PAIT Program Office
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

INDUSTRIAL DESIGN ASSISTANCE PROGRAM (IDAP)

The primary objective of the Industrial Design Assistance Program (IDAP) is to improve the competitive position of Canadian industry by achieving improvement in the quality of industrial design for its products. Specific projects requiring industrial design services for product development may be given financial assistance.

Assistance under this program is available to companies incorporated in Canada. These companies may apply on an individual basis, or as a group organized as a consortium, to the extent that they can satisfy the requirements of the program. Financial assistance under the program is limited to up to 50 per cent of the industrial design operational and administrative costs. Capital costs of any kind incurred by the applicant are excluded. Financial assistance is to be concentrated on relatively short-term projects of product or system innovation. The costs covered shall include the salaries, wages and fees for industrial design and associated technical services, on staff or on a consultant basis, directly related to the specific project to be undertaken. These services must be directed by a person or persons qualified in the field of industrial design.

The Department of Industry, Trade and Commerce will evaluate applications for IDAP support by both technical and commercial feasibility criteria. Some of these criteria concern the quality of the project itself while others are intended to establish that the company or consortia have the requisite capabilities and resources to undertake the design and development work and its subsequent exploitation.

Title to designs, patents, registrations and information resulting from the project will be solely the property of the companies. However, the companies will be required to produce the products and systems in Canada and market the results within an agreed period of time.

For further details on IDAP, interested companies should contact:

IDAP Program Office
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

DEFENCE INDUSTRY PRODUCTIVITY PROGRAM (DIP)

The Defence Industry Productivity Program combines the former Industry Modernization for Defence Exports Program and the Defence Development Sharing Program.

The program is designed to enhance the technological competence of the Canadian defence industry in its export activities by providing financial assistance to industrial firms for selected projects. Emphasis is placed on those areas of defence technology having civil export sales potential. Assistance may cover the development of products for export purposes; the acquisition of modern machine tools and other advanced manufacturing equipment to meet exacting military standards; and assistance with pre-production expenses to establish manufacturing sources in Canada for export markets.

Projects initiated under this program have played a major role in helping industry to develop its skills on a specialized basis in fields of technology which have defence and civil applications. Costs of these projects are shared by the Department of Industry, Trade and Commerce and the Canadian firm concerned and, in some instances, by the governments of other NATO countries. Manufacturing equipment projects are eligible for assistance only if the machinery to be acquired will make a significant contribution to increased productivity. Generally, this means that the machinery is the most advanced of its type, such as numerically controlled metal working equipment.

For further details on the Defence Industry Productivity Program, interested companies should write to:

Defence Industry
Productivity Program
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

PROGRAM TO ENHANCE PRODUCTIVITY (PEP)

This program is intended to improve the productivity of manufacturing and processing industries in Canada by underwriting part of the costs of feasibility studies of projects which have the potential to lead to productivity gains. These projects must be a significant departure from the company's normal productivity improvement practices and should involve only existing available technology.

The department's contribution is normally 50 per cent of the approved cost of a study. Allowable costs include salaries and wages for direct labour and a portion of administrative and operational expenses. Fees incurred through contract for consultants are also included. Capital costs of any kind are excluded. Repayment is not required.

Title to results is vested in the company but it must submit to the department the findings and recommendations of the study. Twelve months after completion of the study, information must be submitted sufficient to assess the savings that will be realized by the company as a result of the study.

Mailing address for further information:

PEP Program Office
Department of Industry,
Trade and Commerce
Ottawa, Ontario
K1A 0H5

PROGRAM FOR EXPORT MARKET DEVELOPMENT

The objective of this program of the Department of Industry, Trade and Commerce is to achieve a sustained increment in the export of Canadian products and services. This is done by providing incentives in the form of repayable contributions to approved expenses which would otherwise inhibit marketing endeavours by Canadian companies.

The program consists of a number of sections delineated in terms of the regions, the products and the marketing techniques concerned.

Section A — Incentive for Participation in Capital Projects Abroad

The department will normally contribute 50 per cent of the costs of approved precontractual expenses incurred when competing for capital projects in any country outside Canada. Expenses would include costs of studies and bid preparation. Repayment is required if the company is successful in obtaining the business sought.

Section B — Part I Market Identification
Part II Marketing Adjustment

The department's contribution will normally be 50 per cent of eligible costs incurred on previously approved projects. Part I is intended to cover those situations where a company is generally aware of an opportunity in a foreign market but is unable to make more definite plans without a special study, the cost of which represents a barrier. Part II is intended to cover the costs of initial adaptation to unfamiliar marketing practices. Examples are translation of sales literature, provision of specialist technical advice, establishment of after-sales service, and unusual product demonstration requirements. It is not intended in either part to share recurring or routine sales expenses or product redesign.

Repayment is required if the efforts are successful. The program applies to markets outside Canada and the United States. The emphasis is on manufactured goods but can be more widely applied.

Section C — Incentive for Participation in Trade Fairs Abroad

In order to increase the export of Canadian goods and services, the department will normally contribute 50 per cent of eligible expenses incurred on previously approved exhibitions at trade fairs outside Canada. This program complements the established government sponsored national exhibits. A company is not eligible for support under both programs for the same trade fair.

Repayment on the basis of resultant business is required.

Section D — Incoming Buyers

The department will share with Canadian companies eligible expenses incurred in previously approved projects which bring potential foreign buyers to the plant of the Canadian firm involved. The foreign buyers must have a major responsibility for purchasing the products or services concerned. The program is applicable to buyers located outside Canada and the United States.

Repayment is required on the basis of resultant sales from successful projects.

Section E — Export Consortium Assistance

This program assists Canadian companies, particularly small to medium-sized companies, to form consortia to pursue export opportunities. The department will pay up to 50 per cent of the approved costs of both a feasibility study and the formation and initial operation of a consortium.

Repayment is required if the project is successful.

Additional information on all sections is available from:

Program Office — Export Market Development
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

FEDERAL SALES TAX EXEMPTIONS

The Excise Tax Act contains a number of provisions for tax relief to Canadian manufacturers and producers. Full details may be obtained from any District Excise Tax Office but, briefly, the following materials are exempt:

(a) partly manufactured goods changing hands for further processing;
(b) production equipment;
(c) pollution control equipment;
(d) processing materials, excluding grease, lubricating oils, and fuel for use in internal combustion engines;
(e) plans, drawings, and related specifications for use in the manufacture or production of goods or in the control of pollutants.

CUSTOMS INCENTIVES

Canadian customs legislation contains a number of concessions favourable to domestic manufacturing activity. It should be noted, however, that duty concessions are not granted strictly on the basis that a firm is becoming established in Canada or is undertaking new manufacturing activity.

Outlined below are some of the major customs incentives of interest to manufacturers. For details on any of these measures, interested firms should get in touch with the appropriate Regional Office, Department of National Revenue, as indicated in the Canadian Customs Duties chapter of this series.

Tariff Relief — Manufacturers

The Customs Tariff contains a number of items providing for the duty-fee entry of articles and materials to be used exclusively in the manufacture of certain merchandise in Canada. These items are intended to encourage processing operations in Canada. Also, the Minister of Finance may authorize certain reductions in duty by establishment of temporary tariff items. They remain temporary for varying periods of time and, if warranted, can become statutory. It should be stressed that materials imported under such duty-free conditions, or at reduced rates of duty, are to be used exclusively in the manufacture of specified products.

Dies, Moulds

Authority may be obtained to import into Canada, on a temporary basis for a maximum period of 12 months, plant equipment such as dies, moulds, patterns and related jigs and fixtures, paying duty on the basis of one-sixtieth of the value of the goods for each month or part of a month they remain in Canada subject to a minimum payment of $25 per entry. This measure is intended to alleviate the high cost of duplicating such equipment for limited production runs and encourages higher Canadian content in the finished product. The regulations governing such temporary entry allow Collectors of Customs at ports of entry to authorize the temporary importation of such plant equipment rather than having to refer each case to Ottawa for approval.

Duty Drawbacks

Schedule B of the Customs Tariff contains a number of drawback items that permit the return of duty when certain imported parts, materials, machinery or equipment are used in Canada for specified purposes.

In addition, the export drawback regulations provide the opportunity for Canadian manufacturers to recover 99 per cent of the customs duties paid on imported parts and materials used or consumed in the manufacture of Canadian goods exported. There are also provisions for drawback when imported goods are exported from Canada either to the country from which the goods were imported or to a third country.

One part of the export drawback regulations may be of particular interest to Canadian manufacturers using both imported and domestic materials of the same class in the production of goods for both the domestic and export markets. In order to avoid maintaining segregated stocks of imported and domestic materials for duty drawback purposes, the manufacturer may recover duty paid on the imported material in quantity sufficient to produce the exported goods provided such imported material was used in the plant within the 12-month period immediately preceding the manufacture of the exported goods.

The services of drawback officers are available, upon request, from District Drawback Offices located across Canada.

Semi-manufactured Goods

Generally, a manufacturer who uses imported semi-manufactured goods or production components in his operation can receive the benefit of a lower value for duty based on the extent of work done in Canada.

Finished goods exported to Canada in a knocked-down condition requiring minor assembling or minor packaging, and possibly labelling, receive only partial benefit. However, in the case of semi-manufactured goods or production components, the value for duty is based on the factory cost (i.e. material, direct labour and factory overhead only) in the country of export plus a percentage advance. The advance is calculated by means of a formula that lowers the percentage in proportion to the amount of work to be performed in Canada. A significant saving can be realized if the Canadian content is high.

Further information and rulings concerning the value for duty of semi-manufactured material or any other imported goods can be obtained from the Department of National Revenue, Ottawa. Valuation rulings are not available from the regional offices.

INCENTIVE FOR CANADIAN OWNERSHIP

Dividend Payments

Dividends paid or credited to a non-resident shareholder are subject to a 15 per cent tax. The statutory rate of tax is scheduled to increase to 25 per cent in 1976 except for shareholders resident in those countries with which Canada has concluded a tax treaty. Most of Canada's existing tax treaties provide a 15 per cent maximum rate of withholding tax on dividends, interest and royalties. However, the tax on dividends is reduced to 10 per cent (20 per cent after 1975 in non-treaty circumstances) if the corporation declaring the dividend has a "degree of Canadian ownership" as that expression is defined in Appendix C.

OTHER PROGRAMS

General Adjustment Assistance Program (GAAP)

The General Adjustment Assistance Program provides medium term, last resort financing to assist Canadian companies to take advantage of new market opportunities.

Assistance may be offered to the following:

(1) Manufacturing firms which have viable adjustment projects and which:
   (i) wish to improve their international competitive position;
   (ii) have new opportunities for production of goods in Canada which will face significant international competition;
   (iii) wish to adapt efficiently to disruptive import competition; or
   (iv) are unable to obtain the required financing on reasonable terms.

(2) New and existing firms which provide services to manufacturers and which:
   (i) wish to establish or restructure operations to significantly improve the ability of manufacturers in Canada to meet international trade competition; and
   (ii) are unable to obtain the required financing on reasonable terms.

Under this program, three forms of assistance are available. The principal type is government insurance against risk of loss on financing viable adjustment programs. Secondly, direct government loans may be made in special circumstances to firms that have been seriously injured, or are threatened with serious injury, as a result of disruptive import competition. Thirdly, financial grants may be made to eligible companies which have applied for assistance and need the services of qualified consultants to develop effective adjustment proposals.

Loan insurance and direct loans may be granted to cover the cost of buying, converting, or construction of machinery, equipment, buildings, land or other facilities, as well as for working capital. Grants for consulting assistance may cover all costs related to the development of restructuring proposals, but not costs related to their implementation.

Further information may be obtained by writing to:

General Adjustment Assistance Office
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

Machinery Program

This program provides for the remission of all duty on the value of machinery imports in excess of $500 under Tariff Items 42700-1 and 41100-1. These items cover the majority of machinery and equipment used by Canadian secondary industry.

The primary objective of this program is to encourage the development of efficient industry by allowing users of machinery to acquire capital equipment at the lowest possible cost and, at the same time, enable machinery producers to derive maximum protection from the tariff.

Duty will be remitted to the importer if the machinery is not available from production in Canada, and if remission is in the public interest. It is expected that importers will pass the advantage of duty remission to their customers.

Application forms and explanatory pamphlets are available from Collectors of Customs and Excise at ports of entry across Canada or from:

Machinery and Equipment Advisory Board
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

Fashion Design Assistance Program (FDAP)

The primary objective of the Fashion Design Assistance Program is to increase the international competitiveness of the Canadian apparel, textile, leather and footwear industries by:

1. increasing the number of well-trained creative fashion designers in Canada;
2. developing an environment which will stimulate increased creative fashion design activity in these Canadian industries; and
3. building an image of Canada as a source of creative fashion merchandise in order to attract Canadian and foreign buyers.

There are two main components of the Fashion Design Assistance Program:

1. The Designer Development component has as its aim the encouragement of greater opportunities for the development and appreciation of trained Canadian fashion designers to work in a climate which will foster creative design in Canada.

   Bursaries for advanced studies are available to students of design who show evidence of the necessary creative talent, motivation and self-discipline to meet competition in the market. Applications for bursaries must be submitted to the Committee for Designer Development.
2. The purpose of the Image Development component is to contribute to a national climate of fashion awareness through the continuing promotion of good Canadian design. Trade and consumer-oriented programs are supported to encourage a national pride in the quality of the industry's design standards, and international recognition of Canada as a source of good fashion.

Further information may be obtained by writing to:

FASHION/CANADA
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

Development of Management Courses

This program is designed to assist non-profit professional, industry, or management associations to develop management retraining or upgrading courses of a type and quality not currently available. Assistance is in the form of government grants to a maximum of $50,000. These grants do not normally cover more than 75 per cent of the costs of developing new courses or revising existing ones, but in special circumstances may go up to 100 per cent. Eligible costs include professional fees and the costs of visual and audio aids, but not the costs of printing textbooks and notebooks.

To be eligible, the applicant must be a non-profit professional association that can significantly improve the managerial competence in the industry sector or activity it represents. The course must promise a significant improvement in quality over existing courses, or must deal with subjects not covered in existing courses. The applicant must submit a plan outlining the development and operational phases of the course.

Mailing address for further information:

Development of Management Courses
Office of Industrial Policy
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

Counselling Assistance to Small Enterprises (CASE)

CASE provides an opportunity for small businesses engaged in manufacturing or tourism to benefit, at nominal cost, from a service provided by retired business executives. Under special circumstances, government contributions can also be made toward the cost of engaging consulting firms.

Through this program, managers of small companies can discuss their particular problems with experienced businessmen, explore new ideas to help their businesses grow, and examine new methods of improving productivity. A CASE counsellor will visit the applicant's place of business, make a detailed analysis of the company's problems and opportunities and recommend action to be taken. He will also help to implement these recommendations. CASE counsellors are paid at the rate of $30 per day plus travel expenses, of which the Department of Industry, Trade and Commerce will pay $10 per day together with the expenses. The remaining $20 is the responsibility of the company seeking assistance.

If none of the available CASE counsellors has the particular skills required by a company, consulting firms may be hired, and government may pay up to 50 per cent of the cost.

To be eligible companies must:

(a) be a manufacturer or be in the tourist industry; and
(b) have no more than 100 employees and no more than $5 million sales in its most recent complete fiscal year.

CASE service is now available at the following centres: Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Hamilton, Montreal, Fredericton, Moncton, Halifax, and St. John's. CASE is also provided on a trial basis to the service sector of industry in the province of Saskatchewan only. If successful, this feature may be extended nationally.

Further information on this program is available from any of the regional CASE offices listed in Appendix D or from:

CASE Office
Department of Industry, Trade and Commerce
Ottawa, Ontario
K1A 0H5

Miscellaneous

There are a number of other programs of limited application which may be of interest to specialized industries. These include Ship Construction Subsidy Regulations; the Shipbuilding Temporary Assistance Program; the Building Equipment, Accessories and Materials Program; the Automotive Adjustment Assistance Program; the Pharmaceutical Industry Development Assistance Program; the Grains and Oilseeds Marketing Incentives Program; and the Agricultural and Food Products Market Development Assistance Program.

Details are available from the Department of Industry, Trade and Commerce, Ottawa, Ontario K1A 0H5, or from any of its regional offices in Canada (see Appendix A).

APPENDIX A

REGIONAL OFFICES OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

ST. JOHN'S, NEWFOUNDLAND
210 Water Street
St. John's, Newfoundland
A1C 1A9

HALIFAX, NOVA SCOTIA
Suite 1124, Duke Tower
5251 Duke Street
Scotia Square
Halifax, Nova Scotia

FREDERICTON, NEW BRUNSWICK
Eastern Canada Building
212 Queen Street
Fredericton, New Brunswick
E3B 1A8

MONTREAL, QUEBEC
Room 2124, Place Victoria
P.O. Box 257, Tour de la Bourse
Montreal, Quebec
H4Z 1J5

QUEBEC CITY, QUEBEC
Suite 620
2 Place Quebec
Quebec City, Quebec
G1R 2B5

TORONTO, ONTARIO
P.O. Box 325
Commerce Court West
51st Floor
Toronto, Ontario
M5L 1G1

WINNIPEG, MANITOBA
Suite 1104
Royal Bank Building
220 Portage Avenue
Winnipeg, Manitoba
R3C 0A5

REGINA, SASKATCHEWAN
Room 980
Avord Tower
2002 Victoria Avenue
Regina, Saskatchewan
S4P 0R7

EDMONTON, ALBERTA
500 Macdonald Place
9939 Jasper Avenue
Edmonton, Alberta
T5J 2W8

VANCOUVER, BRITISH COLUMBIA
P.O. Box 49178
Suite 2743
Bentall Centre, Tower III
595 Burrard Street
Vancouver, British Columbia
V7X 1K8

APPENDIX B

LOCAL OFFICES OF THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

Applications for DREE development incentives and loan guarantees are processed at the following offices of the Department of Regional Economic Expansion in the province where the project is to be located:

P.O. Box 8950
ST. JOHN'S, Newfoundland
A1B 3R9

P.O. Box 1115
CHARLOTTETOWN, Prince Edward Island
C1A 7M8

Centennial Building
1645 Granville Street
HALIFAX, Nova Scotia
B3J 1X3

P.O. Box 578
FREDERICTON, New Brunswick
E3B 5A6

P.O. Box 1210
MONCTON, New Brunswick
E1C 8P9

Suite 820
220 Grande Allée East
QUEBEC CITY, Quebec
G1R 2J1

4th Floor
320 St. Germain Street East
RIMOUSKI, Quebec

Stock Exchange Tower
800 Victoria Square
MONTREAL, Quebec
H4Z 1E8

Sir Arthur Meighen Building
Room 810
55 St. Clair Avenue East
TORONTO, Ontario
M4T 1M2

P.O. Box 3348
Station P
THUNDER BAY, Ontario
P7B 5J8

P.O. Box 981
WINNIPEG, Manitoba
R3C 2V2

Avord Towers
2002 Victoria Avenue
REGINA, Saskatchewan
S4P 2Y8

Financial Building
Room 506, 230 - 22nd Street
SASKATOON, Saskatchewan
S7K 0E9

10621 - 100th Avenue
EDMONTON, Alberta
T5J 0B3

Room 516, Bank of Commerce Building
1175 Douglas Street
VICTORIA, British Columbia
V8W 2E1

APPENDIX C

The following is an abridged version of the actual requirements:

Canadian Ownership

The requirements which a company must meet to qualify for the reduction in the rate of withholding tax on dividends from 15 per cent to 10 per cent are as follows:

1. The company must be a resident of Canada.
2. (A) No less than 25 per cent of the company's issued and outstanding voting shares and no less than 25 per cent of the equity share capital of the company must be owned in Canada (by individuals and/or by Canadian controlled companies).

   OR

   (B) A class or classes of voting shares and a class or classes of equity shares representing not less than 50 per cent of the equity share capital of the company must be listed on a Canadian stock exchange and no more than 75 per cent of the voting shares must be owned by one non-resident person or related persons.
3. At least 25 per cent of the directors of the company must be resident in Canada.

To qualify as having a degree of Canadian ownership in a particular taxation year, a company other than a new corporation must have met each of the three requirements described above throughout any 60-day period in the 120-day period commencing 60 days before the first day of the year.

APPENDIX D

COUNSELLING ASSISTANCE TO SMALL ENTERPRISES

(CASE) REGIONAL OFFICES

VANCOUVER
Suite 2783
Bentall Centre, Tower III
P.O. Box 49179
595 Burrard Street
Vancouver, British Columbia
V7X 1K8

EDMONTON
500 Macdonald Place
9939 Jasper Avenue
Edmonton, Alberta
T5J 2W8

CALGARY
Confederation Building
Room 309
540 - 12th Avenue Southwest
Calgary, Alberta
T2R 0H4

REGINA
Suite 302
Financial Building
2101 Scarth Street
Regina, Saskatchewan
S4P 2H9

WINNIPEG
Suite 1002
Royal Bank Building
220 Portage Avenue
Winnipeg, Manitoba
R3C 0A5

TORONTO
P.O. Box 353
Commerce Court West
51st Floor
Toronto, Ontario
M5L 1G2

HAMILTON
Room 711
20 Hughson Street South
Hamilton, Ontario
L8N 2A1

MONTREAL
Suite 306
1010 St. Catherine Street West
Montreal, Quebec
H3B 1G1

FREDERICTON*
Eastern Canada Building
212 Queen Street
Fredericton, New Brunswick
E3B 1A8

MONCTON*
Suite 225
Commerce House
236 St. George Street
Moncton, New Brunswick
E1C 8M7

HALIFAX
The Gulf Building
6009 Quinpool Road
Halifax, Nova Scotia
B3K 5J7

ST. JOHN'S
210 Water Street
St. John's, Newfoundland
A1C 1A9

*CASE Offices for New Brunswick also cover Prince Edward Island.

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