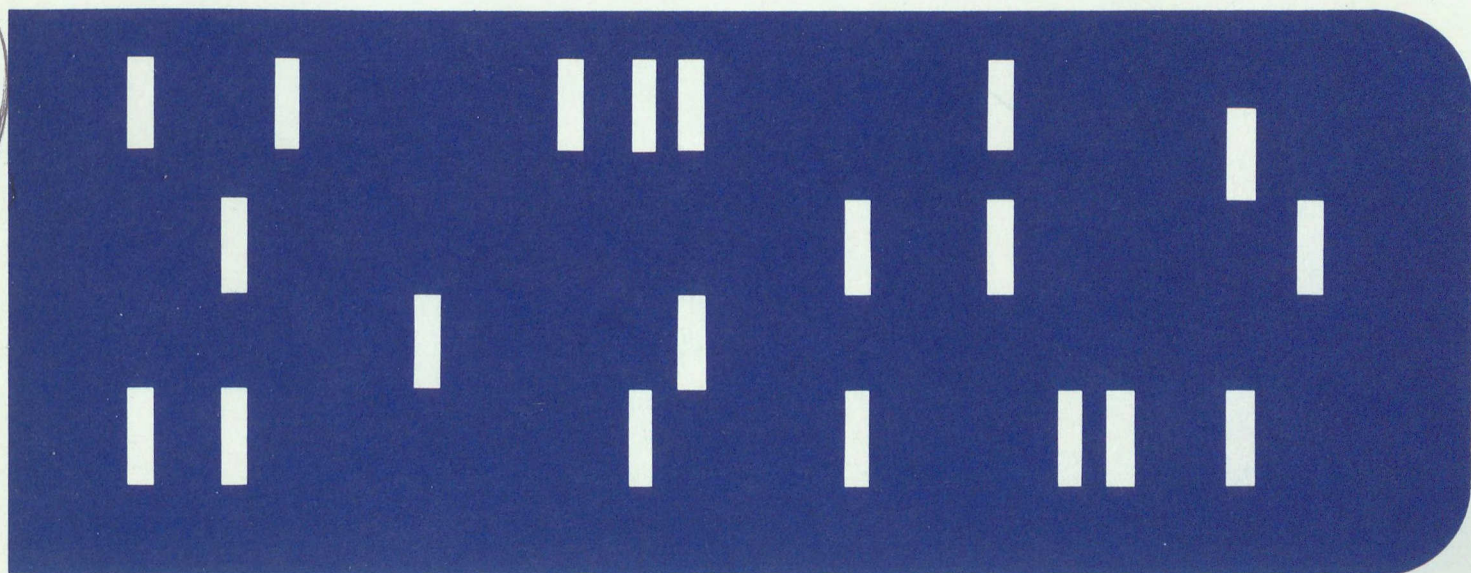


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DOING BUSINESS IN CANADA

FINANCING CANADIAN INDUSTRIES



DOING BUSINESS IN CANADA

FINANCING CANADIAN INDUSTRIES



Government
of Canada

Gouvernement
du Canada

Industry, Trade
and Commerce

Industrie
et Commerce

FOREWORD

The businessman who wants to renovate or expand his facilities, or who wishes to launch a new enterprise, is inevitably confronted with the question of financing. Where can he obtain the necessary funds to promote and sustain the proposed venture?

Sometimes the initial financing can be carried out with the businessman's own savings. In other cases a further amount of equity or risk capital is required to put the enterprise on a sound financial footing. Alternatively, the businessman may find it necessary to supplement the original investment by borrowing on a long, medium or short-term basis.

How does a businessman tap the savings of individuals willing to invest in his new enterprise?

What are the facilities for obtaining such capital in Canada?

How do the judgment and practices of lenders, or the laws and regulations imposed on the lending community, affect the availability of funds?

What are the ordinary sources of financial assistance in Canada for various types of credit needs?

Are there any special sources of assistance in Canada to which would-be borrowers may have recourse?

These are but a few of the questions to which the businessman may have to find answers. This booklet, in providing information and suggestions, may be of some assistance.

Other publications available from the Department of Industry, Trade and Commerce as business guides in the series "Doing Business in Canada" are:

- The Business Environment
- Forms of Business Organization
- Taxation — Income, Business, Property
- Taxation — Sales, Excise, Commodity
- Labour Legislation
- Canadian Customs Duties
- Construction and Equipment Standards
- Federal Incentives to Industry
- Patents, Trade Marks, Industrial Design and Copyrights

Further information is available from:

- The Business Centre
- Department of Industry, Trade and Commerce
- 235 Queen Street
- Ottawa, Ontario K1A 0H5
- Tel: (613) 995-5771
- Long Distance Toll Free: ZENITH 0-3200
- Telex: 053-4123

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INTRODUCTION

Financing a business can entail two kinds of capital:

Equity capital is money invested in an enterprise by the sole owner, partners or shareholders in the hope of deriving profits from the venture. No interest is paid on this type of capital and there is no legal requirement to repay it to the investors.

Loan capital represents funds advanced to a business by individuals or organizations. Interest must be paid on funds obtained from such sources and the amount borrowed must be repaid in accordance with the terms of the lending agreement.

The extent of financing available to Canadian industries will in some respects depend on the form of business organization involved. For example, the same sources of equity capital are not normally available to sole proprietorships and partnerships, as compared with incorporated businesses. This is partly due to differences in the degree of liability of owners, partners and shareholders respectively.

EQUITY OR RISK CAPITAL

Partnerships and Proprietorships

In general, members of a partnership are not only jointly liable, i.e. liable in equal shares for the debts of the partnership, but in addition, are severally liable, i.e. liable for the full amount in the event of default by the other partner(s).

Any partner can legally commit the partnership regardless of the consent of the other partner(s). As a result, a partnership is usually obliged to depend on the savings of partners, and those of their relatives and friends, for the bulk of the equity (risk) capital required to establish or expand its business. The balance of the risk capital required may be obtained, in some instances, from individuals interested in the undertaking. Local bank managers and officers of other financing institutions can often provide the names of persons who have expressed an interest in investing in a promising venture. Some municipal industrial development commissions and boards are also in a position to introduce local citizens having funds to invest.

Financial institutions normally expect that the owner of a business will already have substantial reserves of equity capital. This requirement varies widely, depending on the kind of business, experience of the owners, current economic prospects, etc. Many people have the mistaken impression that financial institutions, or government agencies, will provide all or most of the basic capital required for a business venture. In fact, the entrepreneur himself must assume the bulk of the risk and does so by committing his funds to the business. If he does not have sufficient capital himself, he must find another person, or persons, who will join him in providing the required amount of risk capital. As a general rule, for a new enterprise of unproven character, it is safe to say that it must provide the major part of the necessary funds in the form of equity capital. Anyone planning a new business or proposing to expand existing facilities should not, therefore, assume that financial institutions will loan money to a sole proprietorship or partnership not already properly financed with equity capital.

Incorporated Businesses

Incorporated businesses obtain their equity capital through the sale of shares or stock. Generally speaking, the liability of the shareholders is limited to their investment, i.e. the price which they paid for their shares. However, there are certain basic differences between the equity financing of private and public companies which should be explained.

While **private companies** are governed by the same general rules as public companies, private companies have a limited number of shareholders (usually not more than 50) and cannot sell their

shares or securities to the public. Therefore, equity financing for a private company is usually obtained from a limited number of individuals who are actively interested in the success of the operation. Public companies, on the other hand, provide by far the greatest opportunity for obtaining equity capital since they can sell their shares to anyone.

When capital is required by a **public company**, a prospectus is drawn up and filed with the relevant provincial or federal authorities. The prospectus describes the company and its business in terms that make it as attractive as possible to the investing public, in accordance with the requirements set out by the Provincial Securities Commission or the Federal Department of Consumer and Corporate Affairs, whichever is applicable. A copy signed by every director must usually be filed with the federal or provincial authorities concerned with the creation of companies. Certain other procedures are also normally observed before approaching potential shareholders.

A public company seeking to sell shares to the public will usually enlist the services of an **investment dealer**.

The Canadian investment dealer is a financial middleman who brings together those who require capital funds and those who have money to invest. He makes his living largely by purchasing securities from those requiring capital funds and then reselling them to investors. When an investment dealer agrees to obtain funds for a corporation by underwriting the sale of an issue of its securities he is contractually obliged to provide the capital funds even though his selling efforts may fail. In effect, the investment dealer uses his own resources to buy the entire issue which he then attempts to sell at a price above his cost in order to give him a profit commensurate with the risk involved and the services performed. If the investment dealer must hold the securities in inventory for a considerable period of time, or sell them at a reduced price, he may incur a loss.

In some cases, the investment dealer may not agree to underwrite the issue of securities, but only to take an option to purchase. Under this arrangement, the investment dealer acts only as an agent of the issuing corporation and incurs no contractual obligation. Under neither arrangement does the issuing corporation incur a liability through the sale of its securities.

Since the investment dealer acts as a middleman between the seller and the buyer of securities, his success will depend in large part on his ability to underwrite only those security issues from which his clients will profit. He must, therefore, always satisfy himself that the securities that he underwrites (pur-

chases) are sound. This usually involves a thorough study and analysis of such factors as the growth potential and earning capacity of the enterprise; the efficiency and ability of its management; the economic feasibility of the undertaking; the character and value of the assets backing the new securities; the condition of the securities market; and a host of other factors that vary with the size and type of investment or project under consideration. It is obvious that this aspect of the investment dealer's work involves considerable investigation and business acumen. If he is satisfied with the soundness of the proposal, he will then recommend the type of financing most appropriate.

The cost of preparing and selling an issue of corporate securities, including accounting, legal and engineering fees where required, is understandably an important element of public financing. Accordingly, while some issues might be suitable on the basis of quality, they may be too small in value to absorb the high costs involved. It is difficult to name a precise dollar minimum for an issue since it will vary with circumstances. It is safe to say, however, that an issue under \$100,000 would be impractical since the cost involved would be prohibi-

tive. In fact, it has been suggested that few investment dealers would undertake a public issue of securities much below \$500,000. Generally speaking, small companies find it difficult to raise capital funds. However, if they discuss this problem with an investment dealer, he may be aware of individual investors who have substantial sums of money for placement in promising undertakings with whom he can arrange a private issue or a small public issue of securities.

Life, property and casualty insurance, trust and mortgage loan companies, and pension funds may provide equity capital under certain conditions to Canadian businesses.

Venture Capital Companies — This is becoming an increasingly important source of equity capital in Canada. Venture capital companies include many soundly sponsored private and public companies. They are prepared to subscribe equity capital on a minority basis, usually requesting representation on the Board of Directors. In some cases the venture capital company is in a position to provide managerial as well as financial assistance and will work towards building the company to a stage which would justify public financing.

LOAN CAPITAL

Many enterprises do not succeed in obtaining all their required funds in the form of equity capital. Since many people are unwilling to share control and future profits with partners or shareholders, and since it is often impossible to transfer sufficient capital from certain countries to Canada in order to set up business, it is frequently necessary for such people to borrow additional funds.

It is useful to think of the Canadian business credit market as being composed of two divisions: one concerned with medium and long-term credit of more than one year, and the other with short-term credit of one year or less. The two divisions differ in credit appraisal methods and standards. When lending on a medium or long-term basis, credit institutions tend to place greater emphasis on the earning power of the borrowing concern over a period of years and its ability to repay the debt. In lending on a short-term basis, greater reliance is placed on the balance sheet of the business in order to determine whether, in case of liquidation, current assets would produce sufficient funds to repay the debt.

Medium and Long-Term

The fixed assets of a business, i.e. those having a life of more than one year, should ordinarily be financed from the equity capital contributed to the

enterprise by the owners, or by medium or long-term loans having a duration related to the expected life of the assets.

Medium and long-term business credit has taken two broad forms in Canada — open market loans and direct loans.

Open market loans are an exceptionally low-cost and effective method of raising capital for large enterprises. Such public offerings of debt securities on the organized capital markets are normally handled by an investment dealer.

Because relatively few firms, and then only the larger ones, are in a position to float an issue of debt securities, most business concerns are forced to negotiate medium and long-term **direct loans** with a financial institution, an affiliated company or one or more individuals. The security offered for repayment of these direct loans is normally a form of mortgage, i.e. a claim against the fixed assets of the business. If the borrower fails to carry out his obligations, the mortgage may be foreclosed by court action and the assets on which the mortgage was taken become the physical and legal property of the lender. Laws governing mortgages fall within the jurisdiction of individual provinces.

Life, property and casualty insurance, trust, mortgage loan and finance companies and pension funds are the principal sources of medium and

long-term loans for Canadian businesses. Medium-term loans may also be obtained from chartered banks. Because of the nature of the funds which they have for investment, these institutions play a much greater part in financing the expansion of established businesses than in financing the creation of new ones. However, life insurance companies do, on occasion, make loans to new businesses, especially when they are backed by substantial equity capital and technical knowledge.

Life, property and casualty insurance, trust and loan companies and pension funds usually provide funds by purchasing corporate bonds and debentures which are fully secured by a mortgage on real estate, leaseholds, plant or equipment. In the case of a loan with a mortgage as security, most of these investors are limited by law to the amount that may be lent in relation to the value of the property pledged. In some cases, bonds and debentures may be eligible for purchase by them even when not secured by a mortgage.

When loans are secured by a mortgage, the value of the real estate pledged is not always the only consideration. Experience has shown that there is considerable risk involved in making mortgage loans on special-purpose plants or buildings that cannot easily be adapted to uses other than those for which they were designed. For this reason, the profit experience of the borrower over a period of years and the probable ability of the company to repay the debt are given as much weight as the value of the security pledged.

Sales financing is available from finance companies for all revenue-producing machinery and equipment. An assessment of the credit risk must indicate the purchaser's ability to pay for the equipment out of revenue generated by its use. There are no hard and fast rules for cash down payments and the acceptable initial equity (cash down payment or allowance for trade-in) must take into consideration whether the type of equipment financed is new or used, its effective rate of depreciation, the required financing term for the remaining balance and the credit rating of the customer. Acceptable initial equities generally run from 15 to 25 per cent on new equipment and 25 to 35 per cent on used equipment. Repayment terms are tailored to the needs of individual customers.

Leasing facilities provided by finance companies and specialized leasing companies have been developed for users of capital equipment in cases where the use of an asset, rather than its outright ownership, suits the particular requirements of a business or industry. Such finance companies will purchase equipment to a company's specification and lease it on terms appropriate to the user's requirements. Such companies will also purchase and leaseback equipment already owned or discount existing leases.

Capital loan services to Canadian industry have been offered by finance companies for many years. This service provides short and medium-term funds for industrial and commercial projects. Transactions in this field can range as high as \$5 million. Capital loans and business term loans are available through this medium for the acquisition of capital assets and equipment, for expansion projects, mergers, take-overs and other business purposes. Finance companies also provide business mortgage services.

Short-Term

The current or "working" assets of a business should be considered in terms of (a) normal or usual requirements and (b) peak or seasonal requirements. The **normal** working asset requirements of a business should be financed by capital from relatively permanent sources such as owner's investment or long-term borrowing. As a minimum, the amount available from these sources should be sufficient to maintain operations until satisfactory credit arrangements or sales receipts can be established. However, every business finds that working asset requirements vary materially during the year depending on the seasonal pattern of the particular business, the production cycle, changing price levels, etc. Since these **peak** needs are temporary, they should be financed on a short-term basis related to the duration of the need.

The short-term credit needs of most businesses are satisfied by recourse to one of the following: (1) a commercial bank, usually the one in which the business deposits its funds; (2) the mercantile or "trade" creditor whose extensions of "open account" credit normally finance the inventory; (3) a factoring company; or (4) non-banking agencies such as commercial financing companies.

Commercial Banks — The amount of credit available from a bank is related to the size of the "cushion of risk capital" invested in the business by the borrower. If the bank is to risk its funds by providing a loan, it insists that the borrower must risk his own funds in adequate proportion. Many types of business require relatively small proprietary investments in relation to their sales. Thus their "size" in terms of fixed asset requirements may be considerably smaller than their "size" in terms of volume of output. In cases where such an abnormal ratio exists, banks may not grant them sufficient credit for their entire operating needs, or may not grant them credit at all. As a general rule, then, in order to borrow adequate working capital from the bank there must be a proportionate amount of risk capital in the business. The bank's decision to extend credit is closely related to this rule.

At present, the banking system in Canada consists of the Bank of Canada (the government-owned central bank), the Federal Business Development Bank; and 11 chartered commercial banks,

privately owned by 200,000 shareholders, most of them Canadian. These 11 banks share the commercial banking field on a competitive basis with about 7,500 branches and sub-agencies in Canada and operate under the Federal Bank Act. This statute was first passed in 1871 and is normally subject to revision every ten years to keep abreast of changing economic and commercial trends.

Operating under the general supervision of its head office, a branch bank does not stand alone. Its solvency is unaffected by local conditions since the parent bank stands behind it, fully responsible for its commitments and undertakings. In branches where deposits exceed loans, the excess funds are credited to the head office which, in turn, makes funds available to branches with heavy loan requirements. Thus, the chartered banks, operating on a national scale, mobilize the savings of millions of people across Canada and, on the basis of this pool of deposits, make credit available to any part of the country where the need arises. In this way there need be no shortage of credit anywhere because of a lack of local funds.

It is a function of chartered banks to make loans to borrowers who can use the money profitably in legitimate enterprises with reasonable prospects of repayment under normal conditions. The banks also make medium-term loans for capital projects and many other purposes. Broadly speaking, however, bank loans are granted for working capital purposes and provision is made for repayment from the ordinary seasonal operations of the borrower. It is usual for borrowers to provide security for bank loans unless their financial position is sufficiently strong and their business well enough managed or established to warrant unsecured credit.

Under the terms of the Bank Act, in addition to the general powers which banks have to take security on real or personal, immovable or movable property, they may, in lending to certain borrowers, e.g. manufacturers, wholesalers, shippers, dealers, stock raisers, fishermen and others, accept as security raw material to be developed, items manufactured, purchased, raised or grown, equipment used in manufacturing or processing, drilling rights, assignment of accounts receivable and many other forms of collateral.

The chartered banks maintain departments which give information to persons considering the establishment of industrial or commercial undertakings in Canada and abroad. These departments answer inquiries related to business financing as well as many other matters.

Trade Credit — Many small firms make regular use of the mercantile credit extended by suppliers, i.e. the value of the goods received is "borrowed" by the business until the invoice is paid, except in cases where cash is paid "with order" or "on deliv-

ery." Such amounts are borrowed solely on the security of the normal terms of payment in the particular trade and the company's reputation. Usually the creditor neither requires nor expects any other security for the sum owing to him. However most firms have a credit department or employ a special agency which checks the credit status of a new customer before his order is accepted. Any business which follows reasonably sound practices in meeting its credit obligations can obtain substantial amounts of financing through mercantile credit.

Aside from the accommodation extended by material suppliers, credit is often available from equipment manufacturers as well. Manufacturers of office equipment, delivery trucks, industrial machinery, etc., regularly offer financing plans under which a purchaser can buy on an instalment basis and pay out of current income.

Factoring Companies — These are concerns which specialize in buying outright and without recourse the accounts receivable of their clients. The client relies on the factor's advice as to what trade credit he should extend. He then ships his merchandise to the customer and transfers the account receivable to the factor. The factor thereupon assumes the full credit risk and absorbs all credit losses and collection expenses in connection with the receivables he has purchased.

Factoring companies offer an important service to Canadian businessmen. Generally they service manufacturers and wholesalers engaged in the production and selling of items for which there is a continuing or repeat business such as shoes, textiles, various manufactured articles and even certain types of raw materials such as lumber and other building supplies.

Factoring companies will advance funds against the receivables purchased and thus convert the client's receivables into cash. Factors usually deal in receivables carrying terms of 30 to 90 days but will consider terms up to six months. Generally speaking they deal in short-term accounts receivable and do not handle long-term instalment sales. On the other hand, factors will extend medium-term loans to their regular clients if secured by warehouse receipts or similar collateral.

There is an increasing trend by Canadian companies in the export field to make use of the services available from factoring companies.

The factor charges interest on the receivable discounted, plus a commission. This commission is the factor's remuneration for assuming full credit risks on the receivables purchased as well as for undertaking the collection work and absorbing all expenses connected therewith.

Finance Companies — While the role of sales finance companies is widely recognized in the consumer financing field, industrial and commercial

financing facilities offered by them provide an increasingly important source of financing for industrial development and manufacturing growth. In this area they provide term financing of three basic types: sales financing, leasing and business loans. These are described in the medium and long-term loan section of this booklet.

Commercial Financing Companies — While not yet extensively developed in Canada, commercial financing is a specialized field and warrants particular mention. Commercial financing companies normally lend money secured by assignment of accounts or notes receivable in much the same way as banks and small loan companies do. They also make loans secured by warehouse receipts, as well as loans to finance the purchase of certain types of equipment. Like factors, commercial financing companies usually limit their loans to manufacturers' or wholesalers' receivables, however they do not assume any credit risk. As a rule they do not provide collection service or management advice.

Trust and Mortgage Loan Companies — Although trust and mortgage loan companies are not large-scale providers of short-term loan capital to business, they are able to make loans within certain statutory limits.

Small Loan Companies Operating Under the Small Loans Act — With regard to loans up to and including \$1,500, small loan companies and money-lenders are subject to the regulatory restrictions of the Small Loans Act, a statute of the Parliament of Canada. The Act requires that anyone wishing to make cash loans in amounts of \$1,500 or less at a rate of interest in excess of one per cent per month must first obtain a licence. Loans in excess of \$1,500 are not subject to the Act and may be made at whatever rate and for whatever term is agreed upon by the lender and the borrower. The business of these lending firms is primarily that of lending to consumers for personal needs, but they do, as a secondary feature, provide financing for business purposes.

PLANT PREMISES—PURCHASE, CONSTRUCTION OR RENTAL

The amount of capital which can be furnished by the principals of a business, or which can be obtained by the sale of shares to investors, often is not adequate to develop the business on the scale that may be desired.

Where such a situation develops, many businesses prefer to avoid an immediate capital outlay for the construction or purchase of plant facilities. For at least the first two or three years they prefer to occupy existing premises on a rental basis. The provincial and municipal industrial development agencies, the Canadian National and Canadian Pacific Railways and certain power companies will advise businessmen about industrial premises available for rent or lease purchase.

A **lease purchase** or **leaseback** is an arrangement whereby the owner will lease a building or build to the lessee's requirements for an annual rental. The annual rentals are applied against the cost to the owner of purchasing or constructing the building, plus interest, over a period of years. The building becomes the property of the tenant at the end of the contract period, usually ten or 15 years.

By being a lessee rather than an owner in the early years, the new business has the use of its capital for promoting its activities rather than tying it up in real estate. In determining the price to be paid for the building, the lessor will consider the size of the annual rental agreed to by the lessee, the credit standing of the lessee, and the value of the real estate as security. There are several companies in Canada, including life insurance firms and trust and mortgage loan companies, which are willing to provide financing of industrial and commercial properties under this type of arrangement.

In certain municipalities, local individuals have pooled their financial resources and created a fund to assist new businesses to construct their own buildings. This assistance is usually in the form of an advance of funds in return for a mortgage on the building. Established companies should be aware that life insurance companies may, within statutory limits, invest directly in real estate, and are becoming ever more active in this field. Pension funds and trust and mortgage loan companies are also engaged in this type of investment.

GOVERNMENT FINANCING FACILITIES—FEDERAL

Although financial institutions in the private sector constitute the largest source of funds for business, situations exist where it is relatively difficult for

medium-sized industries in Canada to obtain their requirements from such sources. This is particularly true in the case of projects of an industrial develop-

ment nature requiring longer-term financing. In some instances, industrial development or business expansion proposals require financial assistance of a type not readily available through the usual commercial channels. The existence of these special financial needs has prompted the introduction of two separate measures at the federal level. These are incorporated in the Small Business Loans Act and the Federal Business Development Bank Act.

Loans to Small Businesses

The Small Businesses Loans Act (SBLA), provides a federal government guarantee on intermediate-term loans made to new and existing small business enterprises by chartered banks and other lenders designated by the minister, Department of Industry, Trade and Commerce.

A small businesses enterprise is defined for the purposes of the Act as one whose estimated gross annual revenues, for the fiscal years in which the application is made, do not exceed \$1.5 million or, in the case of a new business, whose estimated gross revenue in the first fiscal period, not less than 52 weeks, does not exceed \$1.5 million.

The loan amount a small business may have outstanding under the Act at any one time may not exceed \$75,000. The maximum period over which a loan can be repaid is ten years with installments paid at least annually.

The rate of interest on SBLA loans is set at one per cent more than the prime lending rate of the chartered banks and fluctuates (higher or lower) with changes in the prime lending rates of the chartered banks for the duration of the loan.

Loans can be made to business enterprises engaged in or to be engaged in manufacturing, wholesale or retail trade, construction, transportation, communications and the provision of a service. Small businesses engaged in finance or the business of a profession and non-profit organizations are not eligible for SBLA loans.

The regulations governing the Act provide for five main classes of loan:

- (a) fixed equipment loans for the purpose of financing the purchase, installation, renovation, improvement or modernization of equipment of a kind usually affixed to real or immovable property;
- (b) movable equipment loans for the purpose of financing the purchase, renovation, improvement or modernization of equipment of a kind not usually affixed to real or immovable property;
- (c) improvement of premises loans for the purpose of financing the renovation, improvement or modernization of premises, or the alteration or extension of premises;
- (d) acquisition of alternative premises loans for the purpose of financing the construction

or purchase of alternative premises;

- (e) purchase of land loans, including the buildings thereon, necessary for the operation of a business enterprise.

Under the first three classes of loan a tenant or owner may borrow, but in (a) and (c) a tenant borrower must have a right of tenancy extending at least two years beyond the term of the loan. The fourth class of loan is available only to a proprietor who is or will become the owner of the premises for which the loan is made. In the case of both fixed and movable equipment, the lending agency may grant loans up to 80 per cent of the cash purchase price of such equipment including the cost of installation or the cost of the project. In the case of loans for financing alternate premises, the lender may grant loans up to 90 per cent of the cost of the project.

Refinancing of existing debts or working capital requirements are not eligible for financing under SBLA.

All SBLA loans are secured. Loans are granted under the legislation in accordance with government regulations, but the matter of judging the eligibility for a loan and granting credits is the sole responsibility of the agency through which the loan is made.

Small business enterprises seeking assistance under the Small Businesses Loans Act should discuss their financial requirements with their banker or other financial adviser who can advise how their particular credit needs can be arranged.

Application forms are available from any chartered bank, Alberta Treasury Branches and eligible lenders.

The Department of Industry, Trade and Commerce is responsible for the administration of the Act. Further details may be obtained from: The Manager, Small Business Loans Administration, Department of Industry, Trade and Commerce, Ottawa, Ontario, K1A 0H5. Tel: (613) 995-0497 or (toll free) The Business Centre, Zenith 0-3200.

Federal Business Development Bank

The Federal Business Development Bank, (FBDB) assists in the establishment and development of business enterprises in Canada by providing them with financial and management services. It supplements such services available from others and gives particular attention to the needs of smaller enterprises.

The FBDB extends financial assistance to new and existing businesses of almost every type in Canada that do not have other sources of financing available to them on reasonable terms and conditions.

The qualifications for FBDB financing are:

- (a) that the amount and character of investment in such a business by persons other

than the FBDB may reasonably be expected to ensure the continuing commitment of these persons to the business, and

- (b) that the business may reasonably be expected to prove successful.

FBDB financing is available by means of loans, loan guarantees, equity financing, or leasing, or by any combination of these methods, in whatever manner best suits the particular needs of the business. Where loans are involved, they are made at interest rates which are in line with those generally available to businesses. Security is usually a first charge on fixed assets.

Most of the customers of the Bank use FBDB funds to acquire land, buildings, or equipment. Others use them to strengthen the working capital of a business, to establish new businesses, and for other purposes.

FBDB financing ranges from a few thousand dollars upwards. The amount that can be borrowed for a specific purpose depends upon the borrower's ability to satisfy the general requirements of the Bank. Businesses may obtain FBDB assistance on

more than one occasion if they meet its requirements.

FBDB loans are usually repaid by way of monthly instalments of principal and interest, although other arrangements may be considered if the particular needs of the business make it appropriate. Most FBDB loans are repaid within ten years.

The management services of the Bank include counselling, training and information services. The counselling service assists small businesses to improve their methods of doing business and to overcome problems. Management training service is provided to improve managerial performance in small Canadian businesses. Through the information service, advice is given on the availability of programs of assistance to small businesses sponsored by the federal government and others.

For further information about the FBDB's financial and management services, enquire at the nearest office of the Bank (see list of addresses in Appendix A).

EXPORT DEVELOPMENT CORPORATION

The Export Development Corporation (EDC) operates on a commercially self-sustaining basis to help Canadian exporters meet international credit competition through the provision of credit insurance, guarantees, loans and other financial services. These facilities assist in the development of Canada's export trade, creating employment for Canadians.

The facilities provided by EDC are not intended to subsidize exporters. Canadian firms still have to compete in the export markets of the world on the basis of a competitive product in terms of price, quality, service and delivery. EDC endeavours to place them, in terms of credit, in a position of competitive equality with exporters in other countries who have access to similar facilities.

The principal services are:

(a) LONG-TERM LOANS

EDC arranges and guarantees long-term loans to buyers of capital equipment and/or technical services from Canada. Working in conjunction with the Canadian banking community, the Corporation provides terms which are internationally competitive as possible. Usually the Canadian exporter submits a loan application to EDC on behalf of the foreign buyer, and funds are disbursed directly to Canadian suppliers on behalf of the borrower.

Lines of credit extended in a number of countries open the door for Canadian enterprises to bid on foreign projects, assuring them that financing

arrangements will support their commercial sales.

Eligible transactions must have the highest possible Canadian material/labour content and meet a minimum standard in this respect.

(b) EXPORT CREDITS INSURANCE

Canadian firms of any size can insure their export sales against non-payment by foreign buyers. EDC export credit insurance policies cover exporters for a percentage (generally 90 per cent) against losses arising from political and commercial risks involved in doing business abroad. Risks covered include insolvency of the buyer, protracted default blockages of funds and the imposition of trade restrictions not in effect when the transaction was made.

Virtually any kind of transaction involving the export of goods, services or technology may be insured by EDC. Insurance premiums are set at the lowest possible level consistent with sound underwriting principles. Whole turnover policies are available to cover consumer goods and general commodities sold on short-term credit; specific contract policies are issued for capital goods or services sold on credit terms up to five years.

(c) SURETY INSURANCE

Exporters who must provide bid and performance bonds and financial institutions supplying the guarantees can be protected by EDC's surety insurance against a call on these bonds. A member of an exporting consortium can also be protected against non-performance by the other members.

(d) CONTRACTOR'S SURETY INSURANCE

This insurance may be provided in respect of construction projects which do not normally meet EDC operating criteria because of the substantial portion of local costs involved. In assessing a satisfactory Canadian content in such cases, EDC takes both tangible and intangible factors — such as enhancing Canada's reputation abroad — into consideration.

(e) FOREIGN INVESTMENT GUARANTEES

Canadians can insure against loss of their investments abroad resulting from political actions. The Foreign Investment Guarantee program covers three broad political risks, namely: inconvertibility

or the inability to repatriate earnings or capital, expropriation, and war or revolution. It enables Canadian companies to enter foreign markets more confidently through joint ventures, management contracts and various technical service contracts. The major criterion determining support is that the investment maximize the benefits to Canada and the host country.

Export Development Corporation

Information on EDC services may be obtained from its representatives listed in Appendix B.

THE DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

The Department of Regional Economic Expansion, through the Regional Development Incentives Program (RDIP), offers financial incentives for the establishment of new industries and the expansion or modernization of existing facilities. These incentives are available in certain designated areas of Canada that require new growth, more and better job opportunities and additional private investment.

Under the RDIP there is a wide choice of locations. All of the Provinces of Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba and Saskatchewan, the Northwest Territories and the Yukon are designated, as well as the northern parts of Alberta, British Columbia and Ontario and most of Québec.

Financial assistance under the RDIP is provided in the form of grants, loan guarantees or a combination of both. Incentives grants and loan guarantees are available to assist eligible manufacturing and processing facilities. In addition, loan guarantees are also available to assist certain new commercial projects.

Standard formulas are used to calculate the level of incentive which may be offered for most smaller and medium-sized projects. For a new plant or the expansion of an existing plant into new product lines, the formula is based on approved capital costs and approved wages and salaries related to the jobs created. For a plant modernization, or an expansion that does not involve a new product, only approved capital costs can be considered.

Large projects, depending on their requirements and benefits to the region, may be offered a wider range of incentives including some which are specifically or provisionally repayable.

The maximum level of grant available is 25 per cent of approved capital costs plus \$5,000 per eligible direct job created for a new plant or new product expansion, and 20 per cent of approved capital costs for modernization or expansion.

In addition, grants cannot exceed \$30,000 per eligible direct job created, or one-half of the capital to be employed in the project.

Industrial incentives available under the "Montreal Special Area" part of the program are not subject to the same statutory maximums. As a matter of administrative practice, however, similar evaluation standards are normally applied, where relevant.

Loan guarantees, which are intended to offset difficulties that investors sometimes encounter in obtaining loan funds for investment may not exceed 90 per cent of the total advances by a lender, plus the interest involved, or 72 per cent of the total capital costs.

Some specialized industrial incentive programs are also available under joint federal-provincial programs.

Further information may be obtained from any of the offices listed in Appendix C.

GOVERNMENT FINANCING FACILITIES—PROVINCIAL

An important source of financial assistance for enterprises not in a position to borrow through normal channels is provided by provincial govern-

ments. The assistance provided by provincial agencies is of two general types: (1) direct lending, in which the public agency extends credit to the busi-

ness concern, and (2) guarantees of bonds or loans obtained from other sources. They may also take equity positions.

These public agencies supplement rather than compete with chartered banks and other lending organizations. They normally work in close co-

operation with lending institutions in helping sound industrial projects, especially those involving guarantees of loans. The facilities offered by the provinces are outlined hereunder, but interested readers should check with the provinces to be sure of having the most current information.

ALBERTA

Alberta Opportunity Company

The Alberta Opportunity Company is a Crown Corporation established to administer the \$100 million Alberta Opportunity Fund.

The purpose of the fund is to stimulate the establishment of new businesses and assist in the expansion of existing enterprises. To achieve its objectives, the company may make loans or guarantee loans of other lenders for businesses which, in its opinion, may be expected to be viable and contribute to the economic expansion of the province.

Except for resource-based industries, public utilities, finance companies and suppliers of residential accommodation, most types of business operating for gain or profit are eligible for assistance. Local development companies and student businesses may also obtain financial assistance if they meet the usual criteria.

Most financing is by way of long or medium-term loans secured by mortgage security, but provision is also made for short-term credits for abnormal working capital needs and for financing manufacturers' inventories.

In considering applications, priority is given to Alberta-owned enterprises, to smaller businesses, to job-creating projects and to businesses in smaller population centres.

All forms of financial assistance are designed to supplement funds from conventional lenders which must be used to the greatest extent possible.

Other services provided include business management counselling and special assistance in the use of economic research programs, adult training

programs, marketing promotion and liaison with other government departments or private agencies.

For brochures and further information contact the Alberta Opportunity Company at the following addresses:

Head Office

P.O. Box 1860
Ponoka, Alberta
T0C 2H0
Tel: (403) 783-4481

Branch Offices

John J. Bowlen Building
620-7th Avenue Southwest
Calgary, Alberta
T2P 0Y8
Tel: (403) 261-6437

Centennial Building
10015-103rd Avenue
Edmonton, Alberta
T5J 0H4
Tel: (403) 424-7168 or 424-7891

Provincial Building
9905-100th Street
Grande Prairie, Alberta
Tel: (403) 532-2910

403 Professional Building
740-4th Avenue South
Lethbridge, Alberta
Tel: (403) 329-5474

BRITISH COLUMBIA

British Columbia Development Corporation

The British Columbia Development Corporation was formed to promote and expand the economic development of British Columbia with special emphasis on secondary industry. The Corporation supplies industrial land to industry by way of direct sale or long-term lease; provides loans and loan guarantees to manufacturing, processing, and

service industries directly related to manufacturing and processing located in the province. In addition to its conventional financing activities the Corporation has recently become trustee of a Low Interest Loan Assistance program wherein term funding from \$18,000 to \$250,000 may be offered to manufacturers or processors wishing to expand or start new businesses outside of the Greater

Vancouver and Greater Victoria areas. Under the terms of this LILA program a business may obtain a term loan at an interest rate of one-half of the prime rate. In addition to developing programs of its own, the British Columbia Development Corporation works closely with Federal and Provincial agencies providing a variety of programs within British Columbia and can be of assistance to British Columbia business and industry by directing them

to these programs in the event their planned activities meet the appropriate eligibility criteria.

Further information on the Corporation's activities may be obtained by contacting:
British Columbia Development Corporation
2nd Floor, Granville Square
200 Granville Street
Vancouver, British Columbia
V6C 1S4

MANITOBA

Department of Economic Development

The services of the Manitoba Department of Economic Development are organized to provide assistance to Manitoba businesses in the following situations:

- To help improve an existing business.
- To assist in planning the expansion of an existing business.
- To help in establishing a new business.

These services are delivered primarily by professional staff employees who have a wide range of general and specialized management and technical expertise. Working as a team, these consultants are able to develop assistance packages which are individually designed to meet the needs of Manitoba businessmen.

Incentives for industry are available through various programs such as Research and Development Assistance Program — a program to promote growth of industry and technology in Manitoba by providing financial assistance to approved projects which are concerned with the development of new or improved products or processes; Manitoba Export Corporation — to assist Manitoba-based manufacturing professional or service firms wishing to sell goods or services in export markets; Feasibility Incentive Program — designed to assist companies in carrying out feasibility studies to establish or

expand manufacturing facilities in Manitoba.

ENTERPRISE MANITOBA, a federal/provincial shared growth program, was initiated on November 14, 1978 by the federal minister of the Department of Regional Economic Expansion (DREE), and the Manitoba minister of Economic Development.

Programs which are offered through the Enterprise Manitoba Program now include: Rural Small Enterprise Incentives, Community Commercial Development Industrial Infrastructure, and Industry Sector Development.

Under the Rural Small Enterprise Incentive Program, companies, with average yearly sales not exceeding \$500,000 may be eligible for maximum incentive grants of up to \$30,000 to assist in the modernizing, expansion or establishment of facilities outside the City of Winnipeg and Additional Zone.

For more information about the programs and services of the Department of Economic Development contact:

Small Business Centre
Department of Economic Development
5th Floor, 155 Carlton Street
Winnipeg, Manitoba
R3C 3H8

NEW BRUNSWICK

Department of Commerce and Development

All financial assistance programs in New Brunswick are co-ordinated through the Department of Commerce and Development, which is responsible for the development of the manufacturing and processing sectors of the provincial economy.

The Department of Commerce and Development offers free research and investigative assistance to all manufacturers planning to establish in the province, plus a wide range of commerce and industrial services to existing industries, including

shared-cost studies in the fields of management and technical and design services.

New Brunswick Industrial Development Board

The Department of Commerce and Development, through the New Brunswick Industrial Development Board, provides financial assistance to manufacturers or processors wishing to locate in the province or to expand or modernize existing facilities. This assistance is normally in the form of direct loans and loan guarantees, but the Board

may also take equity positions in new or expanding manufacturing industries.

Financial assistance is not meant to compete with conventional lenders and in practice the Board must be satisfied that the funds required cannot be obtained from conventional sources on reasonable terms and conditions.

Provincial Holdings Ltd.

Provincial Holdings Ltd., a Crown-owned corporation attached to the Department of Commerce and

Development, holds and administers the province's equity position in various companies. This agency is prepared to take an equity position in manufacturing industries wishing to locate in New Brunswick.

For more information contact:

Director of Information
Department of Commerce and Development
P.O. Box 6000
Fredericton, New Brunswick
E3B 5H1.

NEWFOUNDLAND

Newfoundland and Labrador Development Corporation

The Newfoundland and Labrador Development Corporation was established jointly by the federal and Newfoundland governments to assist small and medium-sized businesses in Newfoundland and Labrador. The Corporation is a limited liability company, incorporated under the Companies Act of the Province of Newfoundland. Its activities include:

- (1) industrial and product advice;
- (2) management advisory services;
- (3) loan financing for the establishment, expansion or modernization of the operations of clients;
- (4) project information;
- (5) equity financing; and
- (6) related services and assistance.

The Corporation therefore provides both a comprehensive and flexible assistance program.

For further information contact:

Newfoundland and Labrador Development Corporation
P.O. Box 1738
44 Torbay Road
St. John's, Newfoundland
A1C 5P5

Department of Rural Development

The Department of Rural Development administers the ARDA III program and the Rural Development Authority. The ARDA III program is a federal-provincial shared-cost agreement which provides financial incentives and a business management training service for small businesses. The Rural Development Authority is designed to provide funds to companies not likely to receive assistance through other existing funding agencies. The Rural Development Authority provides loans to small businesses that are interest free and carry a \$20,000 limit.

Department of Industrial Development

The Department of Industrial Development administers the Market and Product Development program, which provides financial assistance to companies which engage in export or import replacement. Assistance is provided for research and development, design assistance and travel assistance for trips of a marketing nature.

The address for both Departments is:

P.O. Box 4750
Confederation Building
St. John's, Newfoundland
A1C 5T7

NOVA SCOTIA

Industrial Estates Limited

Industrial Estates Limited (IEL), a Crown Corporation of the Province of Nova Scotia, has two main functions: (1) to promote the development of new manufacturing industries and (2) to promote the expansion of existing industries within the province.

Industrial Estates Limited can finance, at competitive interest rates, up to 100 per cent of the cost of the land and buildings, and up to 60 per cent of

the installed cost of production machinery of a new enterprise or a plant expansion. Financing of land and buildings over a 20-year period, and machinery over ten years, is customary. In addition to this basic fixed asset financing, it should be noted that IEL can design an incentives program to suit the needs of a project after careful evaluation of the economic impact of the project on Nova Scotia and Canada.

IEL's Small Business Financing Division provides financing in the form of short, medium and long-term loans, loan guarantees and minority equity positions to existing and new businesses engaged in secondary manufacturing and related service industries. The address for Industrial Estates Limited is:

Suite 700
5151 George Street
Halifax, Nova Scotia
B3J 1M5

Nova Scotia Resources Development Board

The Nova Scotia Resources Development Board is engaged in making loans secured by a charge on fixed assets primarily in the following sectors:

- Agriculture — primary food processors
- Fisheries — fish plants
- Forestry — saw and planing mills
- Tourism — all facilities.

The loans are subject to the criteria laid down in the various lending acts and regulations from which the board obtains its lending authority. The address of the board is:

Nova Scotia Resources Development Board
Bank of Montreal Tower
P.O. Box 519
Halifax, Nova Scotia
B3J 2R7

Cape Breton Development Corporation

The Cape Breton Development Corporation was

established in 1967 to deal with the critical situation then existing on Cape Breton Island arising from threatened closure of the Sydney coalfields. The closure of the mines, upon which the people and the economy of the area are dependent, was imminent unless a substantial capital investment was made for their rehabilitation and modernization. The federal and Nova Scotia governments created the Corporation to handle the problem. It was organized in two main divisions — coal and industrial development.

While the Coal Division is successfully revitalizing the Cape Breton coal industry, the Industrial Development Division is attempting to provide new employment opportunities and establish a more diversified economy. It promotes the expansion of existing, and the development of new, industry in Cape Breton. In this it may operate alone or in conjunction with other persons or agencies.

The Corporation actively participates in the necessary financing for proposals or projects that meet initial evaluation standards. It may take an equity position and in some circumstances may initiate a project with a view to turning it over to private entrepreneurs when in full operation. In short, the Corporation is flexible in its assistance program.

For further information contact:
Industrial Development Division
Cape Breton Development Corporation
P.O. Box 1330
Sydney, Nova Scotia

ONTARIO

Development Corporations of Ontario

The financial assistance programs of the Development Corporations of Ontario divide into two broad classifications:

(a) Incentive Loans:

The Ontario Business Incentives Programs (OBIP) provide loans for the construction or expansion of manufacturing plants and, where economically justifiable, to service organizations closely allied to manufacturing. The loans are repayable but incentives are provided by the deferment of capital and/or interest payments for periods of up to five years.

In Northern Ontario, OBIP offers a repayable loan of up to 90 per cent of the cost of eligible assets with a maximum of \$500,000. In Eastern Ontario, the plan provides for 75 per cent of the eligible assets with a maximum of \$500,000, and in the balance of the province it provides for 50 per cent of the cost of eligible assets with a maximum of \$500,000.

(b) Term Loans and Guarantees:

Term loans and guarantees are normally available to secondary manufacturing companies and related service industries. Applicants for financial assistance must provide satisfactory evidence that their projects will contribute to the economic development of Ontario, that management will be capable of operating the business successfully, and that the venture is sufficiently sound to repay the loan.

ODC's financing is available for:

- construction of new buildings; expansion or purchase of existing buildings
- purchasing equipment
- working capital (available only to Canadian-owned small businesses)
- purchasing approved pollution control equipment by existing companies
- purchasing approved new energy-saving equipment or modifying existing equipment

- purchasing the fixed assets of a company in order to preserve operations and jobs
- financing the production, warehousing or sale of goods for export
- introducing new products and technology (venture capital).

Brochures and further information concerning the Development Corporations may be obtained by contacting the Corporations' head office at:

Mowat Block, Queen's Park
900 Bay Street
Toronto, Ontario
M7A 2E7

or from any of the branch offices.

Central and Southwestern Ontario:

Ontario Development Corporation
Suite 340, 5 Fairview Mall Drive
Willowdale, Ontario
M2J 2Z1

Ontario Development Corporation
Suite 607, 195 Dufferin Avenue
London, Ontario
N6A 1K7

Ontario Development Corporation
P.O. Box 746
73 Mississauga Street East
Orillia, Ontario
L3V 6K7

Eastern Ontario:

Eastern Ontario Development Corporation
9th Floor, 220 Laurier Avenue West
Ottawa, Ontario
K1P 5J8

Eastern Ontario Development Corporation
797 Princess Street
Kingston, Ontario
K7L 1G1

Northern Ontario:

Northern Ontario Development Corporation
761 Barrydowne Road
Sudbury, Ontario
P3A 3T6

Northern Ontario Development Corporation
435 James Street South
Thunder Bay, Ontario
P7C 5G6

Northern Ontario Development Corporation
261 Third Avenue
Timmins, Ontario
P4N 1E2

PRINCE EDWARD ISLAND

Industrial Enterprises Incorporated

Industrial Enterprises Incorporated is an agency of the Province of Prince Edward Island with a board of directors of experienced businessmen. Its purposes are to promote economic development, increase employment opportunities and raise the standard of living in Prince Edward Island.

Industrial Enterprises Incorporated administers loan funds to finance the establishment of new industries and the expansion of existing plants. Qualifying activities are manufacturing and processing; commercial storage, freezing, curing, processing and packing of fish or agricultural products; service industries in support of manufacturing and processing industries; and wholesale and storage activities. In addition, Industrial Enterprises Incorporated may finance essential industrial facilities and backup services such as industrial sites, roads, sewage and water facilities and electrical power.

The agency may fund the supply and preparation of premises, machinery and equipment for these businesses under a lease, concession, licence or other contract or agreement under which title to the premises, machinery or equipment remains with the suppliers. The agency may finance the purchase of manufacturing and processing industries if the industries will benefit from the change. It may also finance a manufacturing or processing industry project, not to exceed 50 per cent of total cost, aimed at improving productivity or efficiency in the industry through the use of science and technology, providing the project has been approved under a Government of Canada program.

Industrial Enterprises Incorporated may provide loans or guarantee loans that provide working capital to manufacturing and processing industries for export of products from the Island. It will not make a loan to an industry that has an unpaid account with another provincial lending agency.

Industrial Enterprises Incorporated undertakes detailed feasibility studies to assess the viability of potential undertakings and to identify potential new industries and investment opportunities. Technical and business advice is available to persons and organizations receiving financial assistance from the Corporation. Consulting services are provided on request to other industrial enterprises.

For further information contact:
Industrial Enterprises Incorporated
159 Kent Street
Charlottetown, Prince Edward Island

The Prince Edward Island Lending Authority

The Prince Edward Island Lending Authority is a Crown Corporation empowered to make loans

from its own funds and to guarantee loans made by chartered banks and credit unions operating in the province. This assistance may be provided to farmers and fishermen as well as tourist operators to provide working capital or funds to establish or expand tourist facilities.

Interest rates on guaranteed loans is the usual rate of the lending agency. On direct loans the interest rate is related to market rates. Security is normally first mortgages, although personal guarantees may also be requested.

Additional information is available from:
The Prince Edward Island Lending Authority
P.O. Box 1420
Charlottetown, Prince Edward Island

QUEBEC

Société de développement industriel du Québec (SDI)

The objective of the SDI is to stimulate economic development and to transform Québec's industrial structure through financial assistance to businesses that: (a) make investments to aid the manufacture of a newly-designed product, a product not yet manufactured in Québec or a product for which production in Québec is insufficient to satisfy expanding domestic or international markets; (b) consolidate their means of production through mergers, share purchases or otherwise; (c) although profitable, cannot obtain financial assistance elsewhere at reasonable rates and conditions; and (d) export products manufactured in Québec.

The financial assistance of the SDI may take one or more of the following forms: a term loan at the market rate; a term loan; a partial reimbursement of costs of a loan; a guarantee of a total or partial reimbursement of a loan obtained from financial institutions; the purchase of up to 50 per cent of a company's fully paid-up shares.

Manufacturing businesses may seek SDI assistance for one or more of the following: (a) the purchase, construction, improvement or expansion of manufacturing plants and the purchase of plant sites; (b) the purchase and installation of machinery and equipment; (c) the purchase or use of patents; (d) the improvement or consolidation of the financial structure of the business, and (e) the purchase of manufacturing or commercial business shares.

The offices of the Corporation are located at:
1126, chemin St-Louis
Québec, Québec
and
800 Place Victoria
Suite 4205
Montréal, Québec.

Société générale de financement du Québec (SGF)

The role of SGF is to contribute to the industrial development of Québec in order to broaden the base of the economic structure of the province.

SGF performs this role by: (a) acquiring wholly or in part, fast-growing companies with satisfactory earning records, allowing for a diversified and balanced portfolio, and in addition for the promotion of management people capable of assuming greater responsibilities, or accepting new challenges and of assuring the continuity and growth of these companies; and (b) participating in new large industrial projects principally involved with the use and transformation of the natural and energy resources of Québec. In this manner, the SGF works in partnership with the private sector instead of competing with it.

For further information contact:
Société générale de financement du Québec
680, rue Sherbrooke ouest
Bureau 800
Montréal, Québec
H3A 2M7.

Municipal Industrial Funds

In 1961, the provincial government passed legislation authorizing the municipalities of Québec to set up industrial funds. Before they can set up an industrial fund, the municipalities must obtain the consent of the Minister of Industry and Commerce and the approval of the Minister of Municipal Affairs.

The municipal industrial funds are used to purchase land for the creation of industrial complexes. The sites thus acquired may be sold or leased to firms which promise to use them for industrial purposes. Under these circumstances, the sales may be

either cash or credit. When the site is sold for commercial purposes, the firms are required to pay cash.

The buying of land by the municipalities is financed by means of issuing bonds. All expenses incurred by a municipality in acquiring and improving the sites have to be recovered at the time of the sale or when renting to firms.

It is also necessary to obtain the approval of the Provincial Ministers of Industry and Commerce and of Municipal Affairs for acquiring and selling the land.

For information contact:
Department of Industry and Commerce
1, Place Ville Marie
Montréal 113, Québec

SASKATCHEWAN

Saskatchewan Economic Development Corporation

The Saskatchewan Economic Development Corporation (SEDCO) is a Crown Corporation established with the objective of expanding the economic base of the province. SEDCO accomplishes this broad objective by providing loans and guarantees to new or existing businesses; by providing financial or management counselling; by initiating new ventures in partnership with private industry; and by developing industrial sites and plants for lease by businesses.

Virtually every type of business is eligible for SEDCO assistance with the exception of those whose primary activity is exploratory and extractive — basic farming and ranching, commercial and residential real estate, charitable organizations, and financial and leasing businesses.

Loan funds are available to finance the acquisition of land; construction, purchase or expansion of buildings; or the acquisition of equipment.

Financial assistance may be provided in any combination of the following ways, whichever is most appropriate to the situation:

- (a) mortgage loans of up to 20 years;
- (b) short-term loans;
- (c) leaseback or rental arrangements on industrial sites and buildings;

- (d) share capital participation and financing;
- (e) guarantees on loans secured through conventional lending institutions.

SEDCO has no limits on the amount of a loan it provides. The amount may vary from a few thousand dollars and up, depending on the particular needs of the business. Other factors that determine the amount of loan provided are quality of management, market prospects, profits available for repayment of the loan, and value of security for the loan.

Under the industrial accommodation program, SEDCO provides, primarily for manufacturing, sites and buildings throughout Saskatchewan for lease or purchase. This program enables a businessman to enjoy all the benefits of ownership and to take immediate competitive and profitable advantage of his business without tying up needed finances in capital investments.

For further information or application forms, contact:

Director
Communications and Information
Saskatchewan Economic Development Corporation
1106 Winnipeg Street
Regina, Saskatchewan
S4R 6N9

APPENDIX "A"

Head Office	901 Victoria Square Montréal, Québec H2Z 1R1	(514) 283-5904
Atlantic Regional Office	1400 Cogswell Tower Scotia Square Halifax, Nova Scotia B3J 3K1	(902) 737-5505
Québec Regional Office	Suite 4600 800 Place Victoria Montréal, Québec H4Z 1C8	(514) 233-3657
Ontario Regional Office	250 University Avenue Toronto, Ontario M5H 3E5	(416) 593-1144
Northern Ontario District Office	Station Tower 421 Bay Street Sault Ste. Marie, Ontario P6A 5N7	(705) 949-1983
Prairie and Northern Regional Office	161 Portage Avenue Winnipeg, Manitoba R3B 0Y4	(204) 943-8581
British Columbia Regional Office	900 West Hastings Street Vancouver, British Columbia V6C 1E7	(604) 666-8442
Branch Offices Newfoundland Corner Brook	Herald Tower 4 Herald Avenue Corner Brook, Newfoundland A2H 6G7	(709) 639-7113
Grand Falls	42 High Street Grand Falls, Newfoundland A2A 1C6	(709) 489-2181
St. John's	Beothuck Building Crosbie Place St. John's, Newfoundland A1B 3Y8	(709) 737-5505
Nova Scotia Bridgewater	655 King Street Bridgewater, Nova Scotia B4V 1B5	(902) 543-7821
Halifax	710 Cogswell Tower Scotia Square Halifax, Nova Scotia B3J 3K1	(902) 426-7850

APPENDIX "A" (Cont'd)

Sydney	48-50 Dorchester Street Sydney, Nova Scotia B1P 5Z1	(902) 539-4556
Truro	CN Commercial Centre 34 Esplanade Street Truro, Nova Scotia B2N 2K3	(902) 895-6377
New Brunswick Bathurst	270 Douglas Avenue Bathurst, New Brunswick E2A 1M9	(506) 548-3345
Edmundston	109 Rice Street Edmundston, New Brunswick E3V 1T3	(506) 739-8311
Fredericton	Kings Place Complex 440 King Street Fredericton, New Brunswick E3B 5H8	(506) 452-3030
Moncton	860 Main Street Moncton, New Brunswick E1C 1G2	(506) 858-2370
Saint John	75 Prince William Street Saint John, New Brunswick E2L 2B2	(506) 658-4751
Prince Edward Island Charlottetown	137 Kent Street Charlottetown Prince Edward Island C1A 1N3	(902) 892-9151
Québec Chicoutimi	475, rue des Champs Elysées Chicoutimi, Québec G7H 5V7	(418) 545-1580
Drummondville	228, rue Heriot Drummondville, Québec J2C 1K1	(819) 478-4951
Granby	161, rue Principale Granby, Québec J2G 2V5	(514) 372-5202
Hull	Plaza Val Tétréau 400, boulevard Alexandre Taché Hull, Québec J9A 1M5	(819) 997-4434

APPENDIX "A" (Cont'd)

LaSalle	1550, avenue Dollard LaSalle, Québec H8N 1T6	(514) 364-4410
Laval	2525, boulevard Marois Chomedey, Laval, Québec H7T 1S9	(514) 681-9289
Lévis	113, rue St-Georges Ouest Lévis, Québec G6V 4L2	(418) 837-0282
Longueuil	Complexe Bienville 1000, rue de Sérigny Longueuil, Québec J4K 5B1	(514) 670-9550
Montréal	Suite 4600 800, Place Victoria Montréal, Québec H4Z 1C3	(514) 878-9571
	205 Place Frontenac 2600, rue Ontario Est Montréal, Québec H2K 4K4	(514) 524-1188
Québec	925, chemin St-Louis Québec, Québec G1S 1C1	(418) 681-6341
Rimouski	320, rue St-Germain Est Rimouski, Québec G5L 1C2	(418) 724-4461
Rouyn-Noranda	147, avenue Mercier Rouyn, Québec J9X 4X4	(819) 764-6701
St-Jérôme	Galleries des Laurentides St-Antoine des Laurentides Québec J7Z 5V3	(514) 436-6441
St-Laurent	750, boulevard Laurentien St-Laurent, Québec H4M 2M4	(514) 748-7323
St-Léonard	5960, rue Jean-Talon Est St. Léonard, Québec	(514) 254-6073
Sept-Iles	690, boulevard Laure Sept-Iles, Québec G4R 1X9	(418) 968-1420

APPENDIX "A" (Cont'd)

Sherbrooke	2532, rue King Ouest Sherbrooke, Québec J1J 2E8	(819) 565-4740
Trois-Rivières	1410, rue Des Cyprès Trois-Rivières, Québec G8Y 4S3	(819) 375-1621
Valleyfield	85, rue Champlain Valleyfield, Québec J6T 1W4	(514) 371-0611
Ontario Barrie	70 Collier Street Barrie, Ontario L4M 1G8	(705) 728-6072
Chatham	59 Adelaide Street South Chatham, Ontario N7M 4R1	(519) 354-8833
Etobicoke	Valhalla Executive Centre 304 The East Mall Islington, Ontario M9B 6E2	(416) 239-4804
Hamilton	8 Main Street East Hamilton, Ontario L8N 1E8	(416) 523-2954
Kenora	20 Main Street South Kenora, Ontario P9N 1S7	(807) 468-5575
Kingston	Plaza 16 16 Bath Road Kingston, Ontario K7L 1H4	(613) 549-1531
Kitchener-Waterloo	305 King Street West Kitchener, Ontario N2G 1B9	(519) 744-4186
London	197 York Street London, Ontario N6A 1B2	(519) 434-2144
North Bay	205 Main Street East North Bay, Ontario P1B 1B2	(705) 476-4123
Oakville	345 Lakeshore Road East Oakville, Ontario L6J 1J5	(416) 844-0911

APPENDIX "A" (Cont'd)

Oshawa	22 King Street West Oshawa, Ontario L1H 1A3	(416) 576-6800
Ottawa	151 Sparks Street Ottawa, Ontario K1P 5E3	(613) 237-8430
Owen Sound	1139 Second Avenue East Owen Sound, Ontario N4K 2J1	(519) 376-4431
Peterborough	340 George Street North Peterborough, Ontario K9H 7E8	(705) 748-3241
St. Catharines	71 King Street St. Catharines, Ontario L2R 3H6	(416) 684-1153
Sault Ste. Marie	452 Albert Street East Sault Ste. Marie, Ontario P6A 2J8	(705) 949-3680
Scarborough	2978 Eglinton Avenue East Scarborough, Ontario M1K 2E7	(416) 431-5410
Stratford	1036 Ontario Street Stratford, Ontario N5A 6Z3	(519) 271-5650
Sudbury	96 Larch Street Sudbury, Ontario P3E 1C1	(705) 674-8347
Thunder Bay	106 Centennial Square Thunder Bay, Ontario P7E 1H3	(807) 623-2745
Timmins	83 Algonquin Boulevard West Timmins, Ontario P4N 2R4	(705) 264-9432
Toronto	204 Richmond Street West Toronto, Ontario M5V 1V6	(416) 598-0341
Toronto North	4430 Bathurst Street Downsview, Ontario M3H 3S3	(416) 638-0823
Windsor	500 Ouellette Avenue Windsor, Ontario N9A 1B3	(519) 254-8626

APPENDIX "A" (Cont'd)

Manitoba Brandon	136 - 11th Street Brandon, Manitoba R7A 4J4	(204) 727-8415
St. Boniface	Bay 6 West 851 Lagimodiere Boulevard Winnipeg, Manitoba R2J 3K4	(204) 233-6791
Winnipeg	386 Broadway Avenue Winnipeg, Manitoba R3C 3R6	(204) 944-9991
Saskatchewan Prince Albert	1100 - 1st Avenue East Prince Albert, Saskatchewan S6V 2A7	(306) 764-6448
Regina	2220 - 12th Avenue Regina, Saskatchewan S4P 0M8	(306) 569-6478
Saskatoon	1102 CN Towers Midtown Plaza Saskatoon, Saskatchewan S7K 1J5	(306) 665-4822
Alberta Calgary	404 - 6th Avenue Southwest Calgary, Alberta T2P 0R9	(403) 269-6981
Calgary South	5940 Macleod Trail, Southwest Calgary, Alberta T2H 2G4	(403) 253-6501
Edmonton	500 Canada Trust Building 10150 - 100th Street Edmonton, Alberta T5J 0P6	(403) 428-9111
Edmonton South	11044 - 51st Avenue Edmonton, Alberta T6H 5B4	(403) 436-6533
Edmonton West	11574 - 149th Street Edmonton, Alberta T5M 1W7	(403) 452-3232
Grande Prairie	10135 - 101st Avenue Grande Prairie, Alberta T8V 0Y4	(403) 532-8875

APPENDIX "A" (Cont'd)

Lethbridge	740 - 4th Avenue South Lethbridge, Alberta T1J 0N9	(403) 328-9681
Medicine Hat	Medicine Hat Inn 530 - 4th Street Southeast Medicine Hat, Alberta T1A 0K8	(403) 527-2601
Red Deer	Riverside Office Plaza 4919 - 59th Street Red Deer, Alberta T4N 6C9	(403) 343-3232
British Columbia Abbotsford	2467 Pauline Street Abbotsford, British Columbia V2S 3S1	(604) 853-5561
Burnaby	4240 Manor Street Burnaby, British Columbia V5G 3X5	(604) 438-3581
Campbell River	906 Island Highway Campbell River, British Columbia V9W 2C3	(604) 287-9236
Chilliwack	Kamar Plaza 45850 Yale Road West Chilliwack, British Columbia V2P 2N9	(604) 792-8621
Courtenay	497 Fitzgerald Avenue Courtenay, British Columbia V9N 2R1	(604) 338-6232
Cranbrook	30 South 11th Avenue Cranbrook, British Columbia V1C 2R1	(604) 426-7241
Duncan	394 Duncan Street Duncan, British Columbia V9L 3W4	(604) 748-5202
Haney	22321 Lougheed Highway Maple Ridge, British Columbia V2X 2T3	(604) 467-4011
Kamloops	235 First Avenue Kamloops, British Columbia V2C 3J4	(604) 374-2121
Kelowna	260 Harvey Avenue Kelowna, British Columbia V1Y 7S5	(604) 762-2035

APPENDIX "A" (Cont'd)

Langley	20316 - 56th Avenue Langley, British Columbia V3A 3Y7	(604) 533-1221
Nanaimo	190 Wallace Street Nanaimo, British Columbia V9R 5B1	(604) 753-2471
New Westminster	227 - 6th Street New Westminster British Columbia V3L 3A5	(604) 525-1011
North Vancouver	145 West 15th Street North Vancouver British Columbia V7M 1R9	(604) 980-6571
Penticton	246 Martin Street Penticton, British Columbia V2A 5K3	(604) 493-4287
Prince George	1320 Fifth Avenue Prince George, British Columbia V2L 3L5	(604) 563-0641
Richmond	3751 Shell Road Richmond, British Columbia V6X 2W2	(604) 273-8611
Terrace	4548 Lakelse Avenue Terrace, British Columbia V8G 1P8	(604) 635-4951
Vancouver	885 Dunsmuir Street Vancouver, British Columbia V6C 1N7	(604) 681-7484
Vancouver East	3369 Fraser Street Vancouver, British Columbia V5V 4C2	(604) 873-6391
Vernon	3303 - 30th Street Vernon, British Columbia V1T 5E4	(604) 545-7215
Victoria	990 Fort Street Victoria, British Columbia V8V 3K2	(604) 388-0161
Williams Lake	30A North, Third Avenue Williams Lake, British Columbia V2G 2A2	(604) 398-8233

APPENDIX "A" (Cont'd)

Northwest Territories	5010 - 50th Avenue Yellowknife Northwest Territories	(403) 873-3566
Yukon Territory	Travelodge Commercial Mall Whitehorse, Yukon Territory	(403) 667-7333

APPENDIX B**REPRESENTATIVES OF THE EXPORT DEVELOPMENT CORPORATION****Head Office**

Corporate Communications
Export Development Corporation
P.O. Box 655
110 O'Connor Street
Ottawa, Canada K1P 5T9
Tel: (613) 237-2570
Telex: 053-4136
Cable: Excrecorp

In the Atlantic Provinces

Export Development Corporation
Suite 1401
Toronto-Dominion Bank Building
1791 Barrington Street
Halifax, Nova Scotia B3J 3L1
Tel: (902) 429-0426
Toll free from St. John's, Newfoundland;
Saint John, New Brunswick; Sydney,
Nova Scotia; Charlottetown, Prince
Edward Island; Fredericton, New
Brunswick; and Moncton, New
Brunswick — call operator and ask for
Zenith 0-2300
Telex: 019-21502

In the Province of Québec

Export Development Corporation
P.O. Box 124
Suite 2724, 800 Victoria Square
Tour de la Bourse Postal Station
Montréal, Québec H4Z 1C3
Tel: (514) 878-1881
Telex: 05-25618

In the Province of Ontario

Export Development Corporation
P.O. Box 64
Suite 2600, One First Canadian Place
Toronto, Ontario M5X 1B1
Tel: (416) 364-0135
Toll free from Belleville, Kingston,
London, Kitchener-Waterloo and
Windsor — call operator and ask for
Zenith 8-5920.
Telex: 06-22166

In the Western Provinces

Export Development Corporation
Suite 1030, The Bentall Centre
Vancouver, British Columbia V7X 1M5
Tel: (604) 688-8658
Toll free from Winnipeg, Regina,
Saskatoon, Edmonton, Calgary and
Victoria — call operator and ask for
Zenith 0-8659.
Telex: 053-4284

APPENDIX C**Head Office**

200 Promenade du Portage
Hull, Québec

Mailing address:
Ottawa, Ontario
K1A 0M4

Atlantic Region

Ashley Building
Peet Street
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9

P.O. Box 453
Happy Valley, Goose Bay
Labrador
A0P 1C0

Dominion Building
97 Queen Street
P.O. Box 1115
Charlottetown
Prince Edward Island
C1A 7M8

Centennial Building
1660 Hollis Street
4th Floor
Halifax, Nova Scotia
B3J 1V7

Armstrong Building
590 Brunswick Street
P.O. Box 578
Fredericton, New Brunswick
E3B 5A6

Keystone Place
270 Douglas Avenue
P.O. Box 700
Bathurst, New Brunswick
E2A 3Z6

Assumption Place
770 Main Street
14th Floor
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9

Québec Region

Stock Exchange Tower
800, Place Victoria
Suite 4328
P.O. Box 247
Montréal, Québec
H4Z 1E8

Claridge Building
220, Grande Allée Est
Suite 820
Québec City, Québec
G1R 2J1

320, rue St-Germain Est
4th Floor
Rimouski, Québec
G5L 1C2

Plaza III
690, rue Sacré-Cœur Ouest
Alma, Québec
G8B 6V4

Place de Québec
888, 3^e Avenue
Val d'Or, Québec
J9P 5E6

Ontario Region

Niagara Building
1300 Yonge Street
5th Floor
Toronto, Ontario
M4T 1X3

Court Holding Building
233 South Court Street
Thunder Bay 'P', Ontario
P7B 2X9

Royal Bank Tower
128 Larch Street
Suite 603
Sudbury, Ontario
P3E 5J8

Western Region

185 Carlton Street
4th Floor
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2

APPENDIX "C" (Cont'd)

Southwood Shopping Centre
725 Thompson Drive
Thompson, Manitoba
R8N 0C7

Towne Square Building
1919 Rose Street
Room 204
Regina, Saskatchewan
S4P 3P1

Bessborough Tower
601 Spadina Crescent East
Room 814
Saskatoon, Saskatchewan
S7K 3G8

Federal Building
LaRonge Avenue
P.O. Box 960
LaRonge, Saskatchewan
S0J 1L0

Financial Building
10621 - 100th Avenue
8th Floor
Edmonton, Alberta
T5J 0B3

Bank of Commerce Building
1175 Douglas Street
Room 600
Victoria, British Columbia
V8W 2E1

1294 - 3rd Avenue
Prince George
British Columbia
V2L 3E7

Precambrian Building
10th Floor
P.O. Bag 6100
Yellowknife
Northwest Territories
X1A 1C0

CASCA Building
3101 - 3rd Avenue
Whitehorse, Yukon

APPENDIX D

PROVINCIAL GOVERNMENT OFFICES AND AGENCIES

PROVINCE	GOVERNMENT DEPARTMENT	INDUSTRIAL DEVELOPMENT AGENCY
Alberta	Department of Business Development and Tourism Centennial Building Edmonton, Alberta T5J 0H4	Alberta Opportunity Company Provincial Building Ponoka, Alberta T0C 2H0
British Columbia	Department of Economic Development Parliament Buildings Victoria, British Columbia	British Columbia Development Corporation Suite 272, Granville Square 200 Granville Street Vancouver, British Columbia V6C 1S4
Manitoba	Department of Industry and Commerce 358 Legislative Building Winnipeg, Manitoba R3C 0V8	
New Brunswick	Department of Commerce and Development P.O. Box 6000 Fredericton, New Brunswick E3B 5H1	New Brunswick Industrial Development Corporation P.O. Box 6000 Fredericton, New Brunswick
New Brunswick	Department of Commerce and Development P.O. Box 6000 Fredericton, New Brunswick E3B 5H1	New Brunswick Industrial Development Corporation P.O. Box 6000 Fredericton, New Brunswick
Newfoundland	Department of Industrial Development Confederation Building St. John's, Newfoundland	Newfoundland and Labrador Development Corporation Confederation Building St. John's, Newfoundland
Nova Scotia	Department of Development P.O. Box 519 5151 George Street Halifax, Nova Scotia B3J 2R7	Industrial Estates Limited Suite 700 5151 George Street Halifax, Nova Scotia B3J 2R7
Ontario	Department of Industry and Tourism 900 Bay Street Toronto, Ontario M7A 2E4	Ontario Development Corporation Mowat Block 900 Bay Street Toronto, Ontario M7A 2E7

APPENDIX "D" (Cont'd)

Prince Edward Island	Department of Industry and Commerce P.O. Box 2000 Charlottetown Prince Edward Island	Industrial Enterprises Incorporated 159 Kent Street Charlottetown Prince Edward Island
Québec	Ministère de l'industrie et du commerce Hôtel du Gouvernement Québec, Province de Québec	Société de développement industriel du Québec 1126, chemin St-Louis Québec, Province de Québec Société générale de financement du Québec 680, rue Sherbrooke Ouest Bureau 800 Montréal, Québec H3A 2M7
Saskatchewan	Department of Industry and Commerce Power Building Regina, Saskatchewan S4P 2Y9	Saskatchewan Economic Development Corporation 1106 Winnipeg Street Regina, Saskatchewan S4R 6N9

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