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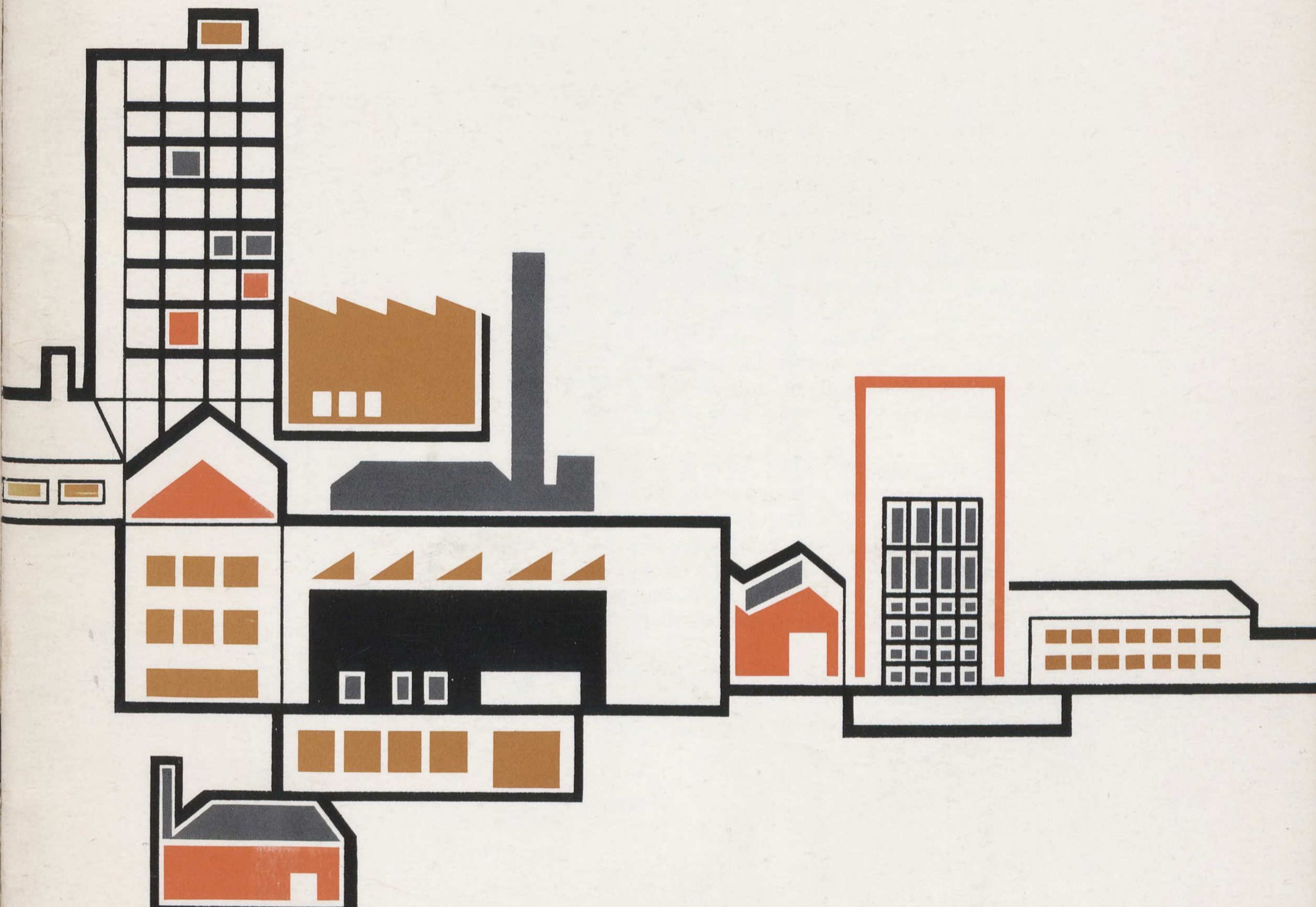

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE
OTTAWA, CANADA

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.

financing canadian industries

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.

Prepared by
Department of Industry, Trade and Commerce
Industrial and Trade Enquiries Division
Office of Promotional Services
OTTAWA

TABLE OF CONTENTS

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EQUITY OR RISK CAPITAL

Partnerships

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 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 owners 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 other 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 from fifty to eighty per cent 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.

Life insurance, trust and mortgage loan companies normally operate in the field of loan capital since they are restricted to purchasing stock of companies that have either paid (or have had earnings available to pay) dividends regularly for five consecutive years. However, these companies also have the power to make investments not specifically authorized in the legislation under which they operate, in an amount not exceeding seven per cent of their assets. This allows them to provide equity capital to Canadian businesses that do not have the required dividend or earnings record.

With respect to equity financing, the position of sole proprietorship is much the same as that of partnerships.

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 fifty) 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 and/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.* 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.

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 (purchases) 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 which 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 engineeering 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 that an issue under $100,000 would be impractical since the cost involved would be prohibitive. In fact, it has been suggested that few investment dealers would undertake a public issue of securities much below $500,000.

One source of equity capital of $500,000 or less is the *venture capital company*. This general classification includes many private companies and public companies with widespread ownership and/or sound sponsorship. 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 a 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 liquidation of current assets would produce sufficient funds to repay the debt.

Medium and Long-Term Loan Capital

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 insurance, trust, mortgage loan and sales finance companies are the principal sources of medium and long-term loans for Canadian businesses. 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 insurance, trust and loan companies 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 loans with a mortgage as security, these companies are limited by law to lending not more than three quarters of the value of the real estate or leaseholds pledged. In some cases, bonds and debentures may be eligible for purchase by them even when not secured by a mortgage if the company's dividend record or earnings record meets certain requirements laid down by law.

In the case of loans 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 which 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 sales 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 and/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 fifteen to twenty-five per cent on new equipment, and twenty-five to thirty-five per cent on used equipment. Repayment terms are tailored to the needs of individual customers.

Leasing facilities provided by sales finance 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. Sales finance companies will purchase equipment to a company's specification and lease it on terms appropriate to the user's requirements. Sales finance companies will also purchase and lease-back equipment already owned, or discount existing leases.

Capital loan services to Canadian industry have been offered by sales 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 media for the acquisition of capital assets and equipment, for expansion projects, mergers, takeovers, and for other business purposes. Sales finance companies also provide business mortgage services.

Short-Term Loan Capital

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 the present time, the banking system in Canada consists of the Bank of Canada, which is a government-owned central bank; its subsidiary, the Industrial Development Bank; and nine chartered commercial banks, privately owned by more than 124,500 shareholders, most of them Canadian. These nine banks, sharing the commercial banking field on a competitive basis with more than 5,880 branches and sub-agencies in Canada, operate under the federal Bank Act. This statute was first passed in 1871 and is subject to revision, normally 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. Banks do not usually extend long-term loans, but are willing to consider exceptional circumstances. 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 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. These departments answer inquiries related to business financing as well as many other matters.

Trade Credit — Practically all 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 delivery". 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 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 provide 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 building supplies.

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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 thirty to ninety 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.

Sales 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 will normally lend money secured by assignment of accounts or notes receivable in much the same way as banks and small loan companies do. They will 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 and do not assume any credit risk. As a rule they do not provide collection service or management advice.

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 license. 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, make loans 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 and promote the business opportunity under consideration 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 fifteen 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 willing to provide 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 can, within statutory limits, invest directly in real estate and are becoming ever more active in this field. Pension funds, operating under the legislation established for insurance companies, are also actively 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 medum-sized industries in Canada to obtain their requirements from such sources. This is particularly true in the case of projects of an industrial development 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 Businesses Loans Act and the Industrial Development Bank Act.

Loans to Small Businesses

The Small Businesses Loans Act was brought into force by proclamation and became effective on January 19, 1961. This legislation permits loans to be made by the chartered banks under a Federal Government Guarantee to assist small business enterprises engaged in manufacturing, construction, transportation, communications, wholesale trade, retail trade, and most service businesses, in the improvement and modernization of equipment and premises, including purchase and construction.

A small business enterprise is defined for the purpose of the Act as one whose estimated gross annual revenue for the fiscal year in which an application for a loan was made, did not exceed $500,000. The maximum loan is $25,000, or an amount equal to the aggregate principal outstanding in a multiple of loans. The bank may, after taking into account the amount borrowed and other relevant factors, allow up to ten years for the repayment of a loan. A government guarantee on such a loan usually has the effect of slightly reducing the interest rate from current levels.

The Regulations governing the Act provide for four main classes of loan, namely:

(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.

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 to become the owner of the premises for which the loan is made. In the case of both fixed equipment and movable equipment, the banks may grant loans up to eighty 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 bank may grant loans up to ninety per cent of the cost of the project.

Loans are granted under the legislation in accordance with government regulations, but the matter of judging the eligibility for a loan and granting credit is the sole responsibility of the banks through which these loans are made.

The Department of Finance is responsible for the administration of the Act and further details may be obtained from: Chief, Guaranteed Loans Administration, Department of Finance, Ottawa.

Industrial Development Bank

The Industrial Development Bank was established by Parliament in 1944 to help finance Canadian businesses where required financing is not available from other sources on reasonable terms and conditions.

I.D.B. financial assistance is not restricted to the manufacturing sector. Loans can be extended to almost every type of new or existing commercial enterprise in Canada.

Most loans by the I.D.B. are for purposes of purchasing land and buildings, altering or extending existing buildings, constructing new buildings or acquiring machinery and equipment. While the I.D.B. does not provide funds to finance inventories or receivables as an alternative to normal financing for these purposes, it can, in certain circumstances, extend a loan to complement working capital requirements.

Since the I.D.B's function is to supplement the services of other lenders, a loan application can be considered only when the required financing is not available from other lenders on reasonable terms and conditions. Before extending a loan, the I.D.B. must be satisfied that the proposal is sound and that the business is capably managed; also, that there is a reasonable amount invested (or to be invested) in the business by persons other than the Bank. As a general rule, security is in the form of a first charge on fixed assets.

The I.D.B. gives particular consideration to financial needs of the smaller enterprise, and most of the loans approved by the Bank are for amounts of less than $100,000. It is often the case that larger amounts are available on reasonable terms from other lenders or by public financing.

The rate of interest on new loans changes from time to time in keeping with the general level of interest rates in Canada. Loans are usually repaid on a monthly instalment basis and the repayment period is tailored to suit the particular circumstances. While a repayment period of ten years or more is not unusual, many I.D.B. loans are repaid over a shorter period.

In certain cases the Bank can provide minor equity financing or participate in underwriting agreements.

Businessmen interested in further details should enquire at the nearest I.D.B. office. The Bank has twenty-eight offices across Canada as listed in Appendix A.

Export Development Corporation

The Export Development Corporation was created by the Export Development Act in June 1969 and supersedes the Export Credits Insurance Corporation.

This Crown Corporation is the focal point of Government interest in the financing of exports. Its purpose is to promote and maintain the growth and diversification of Canada's export trade by providing insurance, guarantees, loans and other financial facilities.

The Corporation is empowered by statute to insure Canadian firms against non-payment when Canadian goods and services are sold abroad and, under certain circumstances, to make loans to entities with which to purchase Canadian goods and services. Where private Canadian financial institutions are involved in an export transaction, either by financing the Canadian supplier or the foreign buyer, the Corporation is empowered to guarantee such institutions against loss on a transaction.

To carry out its function, the Corporation operates in two broad fields: export credits insurance which facilitates bank financing, and long-term export financing in which case the Corporation finances the buyer of Canadian goods and services.

Insurance may be provided for export sales of goods and services to protect a Canadian exporter against non-payment by foreign buyers when the causes are beyond the control of both the exporter and the buyer. Protection is provided against default, insolvency and other similar credit risks, and against political risks such as blockages of funds, war or revolution in the buyer's country, cancellation of an import permit, etc.

Policies are written on a co-insurance basis, with the Corporation assuming a maximum of 90% of the risk. Charges for insurance are low and are calculated to meet actual administration costs.

The Corporation issues blanket-type policies to cover export sales of consumer goods or general commodities sold on short-term credit. Such policies cover all of an exporter's sales for the period of one year. In the case of capital goods, a specific policy is issued for each transaction. Policies may also be issued to cover services and other invisible exports.

The Corporation will agree to pay any bank the proceeds of a loss payable under a policy. Thus, with the exporter sure of payment of up to 90% of foreign accounts receivable, working capital is protected and bank financing facilitated. The Corporation may also provide 100% guarantees to a financial institution which agrees to finance the sale of capital goods on medium credit terms.

In certain cases, the Corporation may make loans to foreign buyers of Canadian capital goods and services. This facility provides a source of funds which enables Canadian manufacturers of capital goods to compete in international markets for large projects on terms equal to those of other world suppliers.

Further information may be obtained from the Corporation's head office (P.O. Box 655, Ottawa) or by contacting its branch offices in Montreal, Toronto, or Vancouver. Information is also available through Regional Offices of the Department of Industry, Trade and Commerce in Halifax (which serves the provinces of Nova Scotia and Newfoundland), Fredericton (which serves the provinces of New Brunswick and Prince Edward Island), Toronto, Montreal, Winnipeg, Regina, Edmonton and Vancouver.

Cape Breton Development Corporation

The Cape Breton Development Corporation was established by the Cape Breton Development Corporation Act, 1967, to deal with the critical situation existing on Cape Breton Island arising from the threatened closure of the Sydney coalfields as a result of rising operating costs and other adverse economic factors. The closure of the mines, upon which the people and the economy of the area were dependent, was imminent unless a substantial capital investment was made for their rehabilitation and modernization. The Governments of Canada and Nova Scotia agreed that a proprietary Crown Corporation be formed to handle the problem.

The Corporation promotes and assists the financing and developing of industry on the Island in order to provide employment outside the coal-producing industry and to broaden the base of the Island's economy. It has acquired the interests of the major coal producer in the Sydney coalfield and is reorganizing and operating the mines with a view to the rationalization of coal production.

The Cape Breton Development Corporation consists of two divisions, the Coal Division and the Industrial Development Division. The object of the Coal Division is to acquire, reorganize and rationalize the coal mining and related operations of the specified companies on Cape Breton Island. It is conducting these operations on a basis consistent with efficient mining practice, good mining safety and in accordance with an overall plan which has been approved by the Government of Canada.

The objective of the Industrial Development Division is to promote and assist, either alone or in conjunction with other persons or agencies, the financing and development of industry on Cape Breton Island in order to provide employment other than in the coal-producing industry, and to establish a diversified economy.

For further information concerning industrial development matters, please write to: Industrial Development Division, Cape Breton Development Corporation, P.O. Box 1330, Sydney, Nova Scotia.

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 governments. The assistance provided by provincial agencies is of two general types: (1) direct lending, in which the public agency extends credit to the business concern, and (2) guarantees of loans obtained from other sources. 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.

ALBERTA

Alberta Commercial Corporation

The Alberta Commercial Corporation, a Crown Corporation established under the Alberta Commercial Services Act, provides financial assistance in various forms to Alberta industries unable to obtain suitable financing through other sources.

The type of assistance available can be tailored to suit the needs of individual companies and includes, but is not limited to, the financing of production equipment and facilities and/or inventories of raw materials used in the manufacturing process. Either raw materials or finished inventory may be financed and ownership of the inventory remains with the Corporation until it is withdrawn and used by the client company.

In practice the plan for financing inventories works in the following manner: Following a successful application for assistance, during which all available information about the business is examined by the Corporation, the inventory is purchased and delivered to warehouse or storage areas leased from the client company and accessible only to an agent of the Corporation. Goods can be withdrawn from stock as required in the manufacturing process, or finished inventory as required for sale, payment being made for all goods at the time of withdrawal. Interest is charged on the month-end balance of each account.

An applicant is required to deposit with the Corporation twenty-five per cent of the value of the inventory provided. In effect, this is not a charge, but simply a limitation on the Corporation's risk, at seventy-five per cent of the money disbursed for these purchases. It is also an assurance of the applicant's interest in the soundness of the operation.

The Corporation also provides a business management counselling service for small operations in the province requiring same but who are unable to finance such guidance on their own.

The address of the Alberta Commercial Corporation is: 1810 Centennial Building, Edmonton 15, Alberta.

MANITOBA

Manitoba Development Fund

The Manitoba Development Fund was established under the authority of the Business Development Fund Act which came into force in 1958. In 1966, provincial legislation broadened the power of the Fund considerably. The objectives of the Fund are to encourage balanced development of industry in the province and, to that end; (a) to provide assistance, financial or otherwise, to existing or proposed industrial enterprises and to community development corporations; (b) to assist in encouraging the owners of capital to invest funds in industrial enterprises in the province; (c) to provide technical and business advice and guidance to persons and organizations receiving financial assistance from the Fund and on request to provide financial consulting services to other industrial enterprises; (d) to promote the diversification of business activity in the province and the rehabilitation and improvement of existing industrial enterprises; and (e) to assist in and encourage the development of export markets for goods produced in whole or in part in the province.

The Manitoba Development Fund is a provincial Crown Corporation but its practices conform closely to the standards followed by normal financial institutions. Funds are advanced over a specific period to suit each client's requirements. The Fund also, in most instances, requires expenditure of the borrower's equity prior to the Fund's money being used, which is then only disbursed on the production of invoices or vouchers covering items for which a loan was approved. In addition to equity investment the Fund insists upon additional security, generally by way of real property or chattel mortgages. The Fund is also able to construct buildings and purchase machinery and equipment for lease back to national firms wishing to locate in the province.

In considering applications for financial assistance the Manitoba Development Fund is influenced mainly by sound business considerations and the potential contribution to the economic growth of Manitoba. Given these conditions, loans are generally extended when financing is not otherwise obtainable on viable terms and conditions, provided the amount of capital invested by the owner plus the available collateral afford the Fund reasonable protection. The Fund is not intended to compete with banks or other private lending institutions.

As a "rule of thumb", the Fund will supply fifty per cent of the capital required for expansion. There is no set limit on the amount of each individual loan, just as there is no fixed interest rate. Assistance is usually on a medium or long-term basis — from two to ten years — but in special circumstances may be available for any period of time up to twenty years.

The method of disbursement and repayment of a loan is arranged to fit the applicant's circumstances. Funds are usually disbursed on a "progress basis" rather than in a lump sum, and the owner's share of the total outlay is usually disbursed first. Repayment, including interest, may be made monthly, quarterly, semi-annually or annually. Provision can be made for an interim period during which only interest is paid. All or any part of a loan may be repaid without penalty before it is due. The address of the Manitoba Development Fund is: 600 Power Building, 428 Portage Avenue, Winnipeg 1, Manitoba.

NEW BRUNSWICK

New Brunswick Development Corporation

The New Brunswick Development Corporation is a provincial Crown Corporation which assists in the expansion and diversification of existing industry in New Brunswick and, through promotion and assistance, encourages new manufacturing and processing industries to locate and develop in the province.

New industrial opportunities are researched, analyzed and developed by Project Executives who have backgrounds in business administration and economics, and technical experience in areas of particular interest to the province, e.g. wood products, plastics, chemicals, fish processing. Each prospective development is assigned to a Project Executive who is responsible for thoroughly investigating all aspects of the proposal including resources, labour, site location, buildings and plant, methods of manufacture, marketing, sales and finance. The Project Executive presents his findings and makes his recommendations to the President of the Corporation and his management group. Final approval of projects rests with the Board of Directors — a group of eight businessmen representative of the province's business and industrial community.

The Corporation's financial assistance to industry is not intended to compete with conventional lenders. The Corporation's Project Executives and Directors must be satisfied that the required funds are not obtainable on reasonable terms from other sources. Loans or guarantees of loans are primarily in the form of a first mortgage.

The Corporation's Engineering Department advises on all engineering aspects for a new development. Three fully serviced industrial parks have been developed and are operated by the Corporation through the Engineering Department.

The New Brunswick Development Corporation maintains close liaison with municipal and federal development bodies. The address of the New Brunswick Development Corporation is — P.O. Box 71, Fredericton, New Brunswick.

Industrial Finance Board

The Industrial Development and Expansion Act of 1956 authorizes the New Brunswick Industrial Finance Board to provide financial assistance in the form of direct or guaranteed loans to, or to hold an equity interest in, certain types of new or expanding industries. These loans are available to recognized manufacturers and apply to land, buildings, machinery and equipment. Applications are considered only when the required funds cannot be obtained from conventional sources on reasonable terms. Industries can also benefit from the services of plant location and technical advice offered by the Department of Economic Growth. The address of the New Brunswick Industrial Finance Board is — Department of Economic Growth, Legislative Building, Fredericton, New Brunswick.

NEWFOUNDLAND

Industrial Development Corporation

This Corporation was enacted by the 1966-67 session of the provincial legislature. Under the Act establishing the corporation, funds borrowed by the Corporation will be used for the purpose of providing financial assistance to qualifying enterprises.

The Corporation may lend to any persons or corporations carrying on or proposing to carry on an approved business in the province; pay off or retire existing debts or obligations of any persons or corporations if deemed necessary to improve the security of any loan or other assistance; take any securities for money loaned; take or otherwise acquire and hold shares, stock, debentures or other securities of any company wherever incorporated and sell or otherwise deal with them; borrow by way of temporary, interim or long-term loans or raise or secure the payment of money in such a manner as the Corporation thinks fit by the issue of bonds, debentures, or any other securities; and purchase, lease, or otherwise acquire and hold any real or personal property. Further information can be obtained from the Newfoundland Industrial Development Corporation, Confederation Building, St. John's, Newfoundland.

Co-operative Development Loan Board

This Board, established in 1959, provides financial assistance to co-operative societies.

The Board is empowered to make loans or to guarantee loans to co-operatives to assist in the construction of plants, or the purchase of plant equipment, or for other reasons which the Board may deem desirable. Inquiries should be directed to the Co-operative Development Loan Board, Confederation Building, St. John's, Newfoundland.

NOVA SCOTIA

Industrial Loan Act

The Industrial Loan Act was passed by the Nova Scotia Legislature in 1951. It established the Industrial Loan Board and the Industrial Loan Fund.

The Act represents an important source of term capital available for the establishment and development of specified industries in Nova Scotia.

There is no statutory limit on the amount of money available for the Fund. Money is supplied by the government as required. Similarly, there is no statutory limit on the amount of money which may be outstanding at any one time.

The Industrial Loan Board is empowered to approve loans or guarantees of loans to companies engaged in certain specified industries for the purpose of acquiring land, buildings, or equipment. It may also approve loans or guarantees of loans for replacing working capital used for these purposes within the last three years. In reaching a decision, the Board not only considers the possible success or failure in strictly a business sense, but also takes into consideration the desirability of taking a lesser or greater risk from the point of view of the over-all good of the economy. Thus, it is difficult to determine in advance whether a specific proposal will receive the Board's approval.

Industrial loans can now be made for periods of up to 15 years and tourist accommodation loans for up to 20 years. The following are designated as industries or types of industries eligible for assistance: manufacturing, processing and other industries as defined by the Board from time to time; fish processing plants including lobster pounds; greenhouses; fur-bearing animal ranches; peat moss industries; hotels, motels, cottages and cabins for tourists, hunters and fishermen; camping and trailer sites and picnic grounds; marinas; restaurant facilities where a need for such is shown; and recreation facilities where a need is shown.

For industries that qualify for assistance, I.E.L. will finance 100% of the cost of land and buildings, either on a long-term lease or on a mortgage basis. The client may select a plant site anywhere in the province and have a building designed and constructed to his specifications. A leased plant may be purchased without penalty at any time during the term of the lease at depreciated book value. Industrial Estates Limited will also finance a large portion of the installed cost of new production machinery in an I.E.L. financed plant.

Industrial Estates Limited has tax agreements with most municipalities in Nova Scotia limiting the municipal tax for a ten-year period to 1% of the cost of buildings only. There is no municipal tax on land, equipment or inventory during this period. The address for the Industrial Estates Limited, is — Suite 1006, 5161 George St., Halifax, Nova Scotia.

The amount of any loan shall not exceed 75% of the current appraised value of land, buildings, machinery, equipment, furnishings, and other chattels. The address for the Industrial Loan Board is — Department of Trade and Industry, P.O. Box 456, Halifax, Nova Scotia.

Industrial Estates Limited

Industrial Estates Limited is a Crown Corporation of the Province of Nova Scotia established by an Act of the Legislature in 1957. It is a non-profit corporate entity with a Board of Directors comprised of prominent Nova Scotians in business, finance and industry. In addition, there is an Advisory Council of leading international businessmen.

Industrial Estates Limited has two main functions, i.e. to promote the development of new secondary manufacturing and to promote the expansion of existing industries within the province.

ONTARIO

Ontario Development Corporation

The Ontario Development Corporation, a provincial Crown Corporation, offers a comprehensive program of financial services to qualified companies wishing to locate new manufacturing plants or expand existing operations in Ontario. The program encompasses interest-free forgivable loans, term loans of up to 20 years at reasonable rates of interest, and lease-back and rental arrangements.

The Corporation may act as a catalyst in putting together financial packages for suitable companies, and will provide expert advice on obtaining financing from regular lenders, private, government, and other sources.

Forgivable Loan Program — Secondary manufacturing companies establishing new facilities in Provincial Equalization Areas, or making approved additions to existing facilities, are eligible to apply for assistance under the Forgivable Loan Program. The loans are available to companies building a new plant. When 75 per cent of the machinery installed is new, the loan will also apply on the new machinery. If the company buys or rents a vacant building and installs 75 per cent new machinery, the incentive loan will apply on the new machinery.

In considering applications involving expansion, a company is required to increase its floor space by 5,000 square feet or 10 per cent of its existing floor space, whichever is the greater. After allowing for the necessary services, all the additional floor space must be used by the company itself for secondary manufacturing. If 75 per cent of the machinery installed in the addition is new, this qualifies for loan purposes.

Tourist developments that will effectively raise the occupancy levels in local tourist establishments are also eligible to apply under the Forgivable Loan Program.

Companies applying for forgivable loans must:

- satisfy the Corporation they can operate profitably in the proposed location, having regard to all factors such as the availability of labor, local services, transportation, etc.,
- have received prior approval from the Ontario Development Corporation before proceeding with the project,
- satisfy the Corporation that the project would not be undertaken in the location chosen within the foreseeable future without a forgivable loan,
- have Canadian directors already on the board or be prepared to appoint Canadian directors within a reasonable period of time.

Companies are eligible for only one forgivable loan for any single project. If, however, another project is undertaken in a different location, a loan application may be considered.

Companies not eligible for forgivable loans are

- those engaged in the primary industries such as mining, logging, fishing, and agriculture,
- those engaged in the service industries as defined by the Corporation,
- those wishing to transfer operations into the incentive areas from elsewhere in Ontario or other provinces in Canada when such a move will merely result in a change of location for an existing industry,
- those eligible for financial assistance under other government incentive programs.

Forgivable loans are calculated as follows:

Thirty-three and one-third per cent of the first $250,000 of the approved capital cost of new buildings and equipment, plus twenty-five per cent of the balance, the maximum loan being limited to $100,000 or $500,000 depending on the area of the province involved.

Security is taken on the loan to enable the Corporation to reclaim all or part of it, if at any time during the first six years the company either ceases operations, removes its operation from the area, sells its business to a company carrying on a business that does not qualify, or takes other action that will defeat the purpose of the program. The program is operative from July 1, 1969, to June 30, 1971, at which time it will be reviewed.

Term Financing Program — The Ontario Development Corporation provides term financing through mortgages, debentures, etc., in many of Ontario's smaller centres of population. Loans available under this program are normally limited to $500,000 in certain of the slower growth areas and $300,000 in other areas of the province.

The loans may run up to a maximum period of 20 years and are available for the construction of new manufacturing buildings, the extension of existing buildings and the purchase of new manufacturing equipment that will substantially add to employment.

Corporation funds are not available to:

- primary industries such as mining, logging, agriculture, fishing,
- applicants able to secure funds from conventional lending institutions, the personal resources of the company, its partners, management, or principal stockholders or from the sale of company assets,
- companies requiring funds for mere financial readjustment, such as to repay existing loans and for similar purposes,
- industries where adequate capacity already exists in Ontario and Canada for their goods or services,
- applicants in bankruptcy or insolvency.

Lease-back Program — In certain slow-growth areas of the province the Corporation assists companies to acquire manufacturing building space through lease-back or rental agreements. Charges are based on current interest rates and buildings are constructed to customer specifications. The program does not apply to highly specialized, single-purpose buildings.

Other Financial Services — The Corporation will attempt to find additional financing for companies from regular lenders, private investors, and other government sources. It will also assist companies, when requested, to put together a total package of their financial requirements provided the company meets ODC's requirements.

Advisory Services — In addition to ODC's financial services, Corporation consultants provide management advice and guidance on financial and technical matters to the smaller enterprises not in a financial position to obtain this type of service elsewhere. These services are available in all parts of the province. The address for the Ontario Development Corporation is — 950 Yonge Street, Toronto 5, Ontario, Canada, Phone: 365-4622 Area Code 416.

PRINCE EDWARD ISLAND

Tourist Accommodation Loans Act

This Act was passed in 1954 for the general purpose of establishing and improving tourist accommodation in the province. The Tourist Loan Committee established by the Act is authorized to make loans up to a maximum of $2 million.

The Act and Regulations give the Committee fairly broad discretionary powers in disbursing loans. However, the board's discretionary powers are not boundless. The maximum loan available to an applicant is $40,000 and no loan can exceed fifty per cent of the cost of a project. All progress and final payments are advanced on the basis of fifty per cent of expenditures actually incurred. The maximum term for a loan is fifteen years.

Industrial Establishments Promotion Act

In 1954 the government of the Province of Prince Edward Island passed the Industrial Establishments Promotion Act. An advisory committee was established to assist in carrying out the provisions of the Act and Regulations.

In general, the purpose of the enactment was to establish a provincial authority to grant financial assistance towards the establishment of plants within the province, for the purpose of processing agricultural, horticultural or fisheries products. In 1960 the scope of the Act was enlarged to include "other industrial enterprises which might improve or maintain the economy of any area within the province".

Under the Act, financial assistance may take the form of an outright grant, loan or guarantee in connection with the erection or extension of plant facilities. The maximum assistance available to an applicant is limited to fifty per cent of the cost of a project including machinery and equipment.

It should be noted that the maximum funds available for this purpose cannot exceed $1 million.

Loans are for a period not exceeding twenty years and are repayable in equal quarterly or semi-annual instalments of principal and interest.

Industrial Enterprises Incorporated

Industrial Enterprises Incorporated, a provincial Crown Corporation, was set up in 1965, with wide terms of reference and broad powers, in order to provide assistance to established or establishing industries. The Board of Directors is composed of representatives from industry. In addition to financial assistance, marketing and managerial assistance is available.

Financial aid can be in the form of guaranteed or direct loans. Rates of interest are flexible and payments can be extended up to twenty-five years, depending mainly on the size of the loan.

First mortgages on real estate and chattel mortgages on machinery and equipment are the standard forms of security required by I.E.I., but personal guarantees of the individuals concerned, or of a parent organization, can also be requested. A second mortgage position may be taken by I.E.I. if the first mortgage is held by the Industrial Development Bank or an approved lending agency. Its flexible approach can also provide interim financing or loans for working capital.

Further information on Industrial Enterprises Incorporated or other provincial agencies such as the Tourist Accommodation Loan Board may be obtained by writing to — Industrial Enterprises Incorporated, 129 Kent Street, Charlottetown, P.E.I.

QUEBEC

Industrial Credit Bureau

The Quebec Industrial Credit Bureau was established in 1967 in order to foster the expansion of the Quebec manufacturing industry. The main function of this organization is to grant conditional loans to new or established firms which have an expansion potential likely to contribute to the economic growth of a region in Quebec. The Bureau's financial assistance may be used for the purchasing of land, the acquisition or enlargement of buildings, the purchasing of machinery, tools or vehicles, or for the improvement or the strengthening of the financial situation of a firm. In some cases, the Bureau may guarantee the reimbursement of loans granted by other financial institutions. It is also entitled to buy properties in order to rent them to a company afterwards.

The Bureau will only grant assistance if the applicant has been unsuccessful in obtaining from other institutions the capital which is needed, on reasonable terms and conditions. The applicant must be able to demonstrate that he is capable of making a profit and that the firm is under good management. The owners must also invest sufficient funds in the concern. The guarantee provided by the applicant must be considered sound by the Bureau.

There is no limitation as to the amount of the loans, and the rate of interest is slightly higher than that which applies to provincial bonds offered to the public. The length of time provided for reimbursement depends on the benefits foreseen and on the nature of the guarantee; however, it cannot extend over fifteen years.

The offices of the Bureau are located at — 710 Place d'Youville, Quebec, Quebec and at 800 Place Victoria, Room 1204, Montreal, Quebec.

General Investment Corporation of Quebec

The General Investment Corporation of Quebec was incorporated as a company in 1962 under an Act of the Quebec Parliament.

It is an autonomous company with a dual nature, its shareholders being the public and private financial institutions, the *Caisses Populaires* (Credit Unions) and the Government of Quebec (a minority shareholder).

The General Investment Corporation, founded for the purpose of taking an active part in the industrial development of Quebec, is primarily an administrative company. (Its charter confers upon the company the right to make long-term industrial loans, and it has made a certain number of such loans).

It holds majority interests either directly or indirectly in some fifteen firms. These interests are concentrated in three main sectors: the food industry, the engineering industry and the logging industry.

Municipal Industrial Funds

In 1961, the Provincial Government passed legislation authorizing the municipalities of Quebec 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.

Please direct your requests for information to — The Department of Industry and Commerce, Quebec, Quebec.

Regional Industrial Development Assistance Act

The Regional Industrial Development Assistance Act (Bill 23) was sanctioned by the Quebec Legislative Assembly on July 21, 1968. The purpose of this Act is to establish a triennial plan awarding bonuses to manufacturing companies in certain areas of the province which invest over $50,000. in the construction or expansion of factories or plants and in the purchase of machinery, tools or equipment.

The total of these bonuses will vary in accordance with the investments to be made and depending on which of the two Quebec zones covered by this legislation the company chooses for its location. Appendix B indicates the territory embraced by these two zones. In Zone I, the bonus is equivalent to 25% of the total investment. In Zone II the bonus is calculated at 40% of the first $250,000. invested, 30% of the next $750,000. and 25% of the balance. However, no bonus may exceed $500,000.

In the case of an existing concern, the investment must be in excess of 25% of the depreciated capital cost of all the company's plant in Quebec.

A firm which does or may benefit from a subsidy under an equivalent investment bonus plan is entitled to a sum corresponding to the difference between the amount provided for by that plan and the amount applicable under this Act.

Further information may be obtained by writing to the Department of Industry and Commerce, Regional Development Branch, National Assembly Buildings, Quebec, Quebec.

SASKATCHEWAN

Saskatchewan Economic Development Corporation

The Saskatchewan Economic Development Corporation (SEDCO) was established by the Industrial Development Act, 1963, to assist industry to establish or expand operations in Saskatchewan. Assistance is provided by way of mortgage loans, inventory financing, or the provision of industrial sites or buildings under lease or lease-purchase arrangements.

Types of business eligible for assistance are:

- an industry engaged wholly in processing natural or mineral resources, but not basic farming operations,
- a secondary manufacturing industry or one engaged in processing agricultural products,
- an industry serving the above or one of service to agriculture,
- certain specialized and intensive agricultural and horticultural corporations, including the growing of crops under artificial conditions and specialized facilities for the intensive raising of poultry, cattle and hogs; and,
- an industry otherwise excluded, but which would provide significant benefits by increasing employment, replacing imports or stimulatng exports.

The businesses may be incorporated companies, partnerships, proprietorships, co-operatives, or have any other form of ownership, provided only that they are actively engaged in business for profit. Assistance is not restricted to Canadian-owned industry.

To qualify for assistance, the applicant must satisfy the Corporation that there is a reasonable investment in the business in relation to existing and proposed debt, that assets pledged to the Corporation will provide reasonable security, that the business will generate a sufficient return to sustain operations and provide orderly retirement of the debt, and that adequate management is available.

As security SEDCO requires a first mortgage charge on fixed assets of the business as well as personal guarantees from the principals. Repayment is generally by monthly instalments over a term of five to ten years. Where appropriate, longer terms can be arranged. Repayment in whole or in part may be made at any time without penalty or bonus. The loans carry interest at a rate determined by the Corporation from time to time.

In addition to mortgage loans, SEDCO will consider providing working capital assistance to manufacturing industries for the purchase of raw material inventories or financing of completed products.

SEDCO may also acquire or construct buildings to be resold or leased to industries. Preference will be given to arrangements whereby the applicant will eventually become owner of the building.

In certain circumstances, usually involving large-scale projects, the government of the province is prepared to consider underwriting or guaranteeing arrangements with respect to major financing proposals. SEDCO can act as agent for the government in such proposals.

A brochure with more detail on the Corporation's program may be obtained by writing to — SEDCO, Power Bldg., Regina, Saskatchewan.

APPENDIX A

INDUSTRIAL DEVELOPMENT BANK

The addresses of the various offices of the Industrial Development Bank are:

Addresses	Area Served
ST. JOHN'S, Nfld. 85 Elizabeth Avenue, Telephone: 726-1323	Province of Newfoundland.
HALIFAX, N.S. 1583 Hollis Street, Telephone: 429-8600	Province of Nova Scotia.
SAINT JOHN, N.B. 75 Prince William Street, Telephone: 693-2595	Province of New Brunswick, except those counties served by the Moncton office.
MONCTON, N.B. 236 St. George Street, Telephone: 389-1551	Counties of Albert, Gloucester, Kent, Northumberland, Restigouche and Westmorland in the Province of New Brunswick; and the Province of Prince Edward Island.
RIMOUSKI, P.Q. 143 St. Germain Street West, Telephone: 724-4461	Counties of Bonaventure, Gaspé-Est, Gaspé-Ouest, Matane, Matapédia, Rimouski, Rivière-du-Loup, Saguenay and Témiscouata.
QUEBEC, P.Q. 925 Chemin St. Louis, Telephone: 681-6341	Counties of Lac St-Jean-Ouest, Lac St-Jean-Est, Montmorency, Charlevoix-Ouest, Charlevoix-Est, Chicoutimi, Québec, and Portneuf; also, counties of Lotbinière, Megantic, Beauce, and all counties eastward up to and including Kamouraska; the Magdalen Islands.
TROIS-RIVIERES, P.Q. 550 Bonaventure Street, Telephone: 375-1621	Counties of Maskinongé, St. Maurice, Champlain, Yamaska, Nicolet, Drummond, and Arthabaska.
MONTREAL (NORTH) Montreal, P.Q., 110 Cremazie Boulevard, West, Telephone: 382-2891	Island of Montreal except that portion served by the Montreal (South) office; counties of Abitibi, Temiskaming, Berthier, Joliette, Montcalm, Labelle, Terrebonne, Argenteuil, Deux-Montagnes, L'Assomption, Laval, Vaudreuil, and Soulanges.
MONTREAL (SOUTH) Montreal, P.Q., 901 Victoria Square, Telephone: 866-2701	City of Montreal south of Jean Talon Street; municipalities of Lachine, Ville St. Pierre, Montreal West, Cote St. Luc, Hampstead, Westmount, Outremont, LaSalle, and Verdun; counties of Richelieu, Bagot, Rouville and Missisquoi, and all counties westward and south of the St. Lawrence River.
SHERBROOKE, P.Q. 31 King Street West, Telephone: 567-8481	Eastern Townships — the counties of Brome, Compton, Frontenac, Richmond, Shefford, Sherbrooke, Stanstead, and Wolfe.
OTTAWA, ONT. 350 King Edward Avenue, Telephone: 232-5789	Ottawa Valley and Eastern Ontario — comprising, in Quebec, the counties of Hull, Papineau, Gatineau, and Pontiac; and, in Ontario the counties of Renfrew and Frontenac and all counties eastward.
METROPOLITAN TORONTO Toronto, Ont. 250 University Avenue, Telephone: 368-1145	Metropolitan Toronto.

Addresses	Area Served
MID-ONTARIO Toronto, Ont. 250 University Avenue, Telephone: 368-1145	Southern and central parts of Ontario—the counties of Durham Haliburton, Hastings, Lennox and Addington, Northumberland, Ontario, Peel, Peterborough, Prince Edward, Simcoe, Victoria, and York (excluding Metropolitan Toronto); and the district of Muskoka.
HAMILTON, Ontario 20 Hughson Street, South, Telephone: 528-0171	Hamilton-Niagara Peninsula—the counties of Brant, Haldimand, Halton, Lincoln, Norfolk, Welland, and Wentworth.
KITCHENER-WATERLOO Waterloo, Ont. Waterloo Square Building, Telephone: 744-4186	Counties of Bruce, Dufferin, Grey, Waterloo, and Wellington.
LONDON, Ont. 291 Dundas Street, Telephone: 438-8363	Counties of Elgin, Huron, Lambton, Middlesex, Oxford, and Perth.
WINDSOR, Ont. 267 Pelissier Street Telephone: 254-8626	Counties of Essex and Kent.
SUDBURY, Ont. 96 Larch Street, Telephone: 674-8347	Districts of Algoma, Cochrane, Manitoulin, Nipissing, Parry Sound, Sudbury, and Timiskaming.
LAKEHEAD Fort William, Ont. 106 Centennial Square, Telephone: 623-2745	Northwestern Ontario — the districts of Kenora, Patricia, Rainy River, and Thunder Bay.
WINNIPEG, Man. 360 Broadway, Telephone: 913-8581	Province of Manitoba.
REGINA, Sask. 2220 - 12th Avenue, Telephone: 527-6631	Southern Saskatchewan—that portion south of: the South Saskatchewan River from the Alberta border to Outlook, the Township 28-29 dividing line between Outlook and Highway 35; and Highway 49 to the Manitoba border.
SASKATOON, Sask. 406 - 21st Street, East, Telephone: 242-4227	Northern Saskatchewan — that portion north of the area served by the Regina office.
CALGARY, Alta. 320 Seventh Avenue S.W., Telephone: 269-6981	Southern Alberta — Townships 1 to 40 inclusive.
EDMONTON, Alta. 601 Chancery Hall, Telephone: 429-4926	Northern Alberta (from and including Township 41), and the Northwest Territories.
KELOWNA, B.C. 1460 Pandosy Street, Telephone: 762-2035	Eastern British Columbia from Provincial Highway No. 5 to the Alberta border.
PRINCE GEORGE, B.C. 1320 Fifth Avenue, Telephone: 563-0641	Central and northern British Columbia (north of Cache Creek) and the Yukon Territory.
VANCOUVER, B.C. 900 West Hastings Street, Telephone: 681-7484	Province of British Columbia, excepting those parts served by Victoria, Kelowna, and Prince George offices.
VICTORIA, B.C. 777 Broughton Street, Telephone: 386-3544	Vancouver Island.

APPENDIX B

Zones applicable to the Quebec Regional Industrial Development Assistance Act.

Zone I: This zone comprises the territories of the following municipalities; the county municipalities of Arthabaska, Beauce, Bellechasse, Champlain, Charlevoix-East, Charlevoix-West, Compton, Dorchester, Drummond, Frontenac, Gatineau, Hull, Lévis, L'Islet, Lotbinière, Megantic, Montmagny, Montmorency No 1, Montmorency No 2, Nicolet, Pontiac, Portneuf, Québec, Richmond, Sherbrooke, Stanstead, St. Maurice, and Wolfe; the county municipality of Labelle, less the municipalities of the village Labelle, the township of Joly, the townships of La Minerve, La Conception, Lac-Tremblant-Nord and La Macaza, as well as that part of the township of Labelle which is not organized as a local municipality; the county municipality of Maskinongé, less the municipality of the parish of St. Didace as well as the townships of Angoulème, Chapleau, Houde, Kaine, Masson, Aubry, Laviolette, Créquy, Légaré, Villiers, Troyes and Boulle; the county municipality of Papineau, less the municipalities of Lac-des-Plages and of the township of Amherst, as well as that part of the municipality of the united townships of Suffolk and Addington situated in the township of Addington; the county municipality of Yamaska, less the municipalities of the villages of St. Michel and Yamaska-East, as well as the parishes of St. David, St. Gérard-Majella and St. Michel-d'Yamaska; that part of the county municipality of Abitibi bounded on the west by the west line of the townships of Gosselin, Douville, Buies, Provencher, Poisson, Hannotaux, Juneau, Coursol and Lacroix; that part of the county municipality of Berthier situated to the north-west of the township of Dupont; that part of the county municipality of Joliette situated to the north-west of the townships of French and Lenoir; that part of the county municipality of Montcalm comprising the townships of Brunet and Franchère as well as the entire part situated to the north-west of such townships; that part of the county municipality of Kamouraska comprising the town of La Pocatière, the municipalities of the village of St. Pacôme, of the parishes of St. Anne-de-la-Pocatière, St. Onésime-d'Ixworth and St. Pacôme, the municipalities of Riviere-Ouelle and St. Gabriel-Lallemant as well as the township of Chapais and that part of the township of Ixworth that is not organized as a local municipality.

It also comprises, in addition to the town of La Pocatière, all the cities and towns situated in such territory.

Zone II: This zone comprises the territories of the following municipalities: the county municipalities of Bonaventure, Chicoutimi, Gaspé-East, Gaspé-West, Magdalen Islands (Iles-de-la-Madeleine), Lake St. John-East, Lake St. John-West, Matane, Matapédia, Rimouski, Rivière-du-Loup, Témiscamingue and Témiscouata; the county municipality of Saguenay and all the municipalities situated to the east of the river Betsiamites; the county municipality of Abitibi, less the part comprised in zone I; the county municipality of Kamouraska, less the part comprised in zone 1; the territory comprising the provincial industrial park of Bécancour.

It also comprises all the cities and towns situated in such territory as well as the island of Anticosti.

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