

# CANADA

--- INCENTIVES FOR INDUSTRIAL LOCATION

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AREA DEVELOPMENT AGENCY

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AREA  
DEVELOPMENT  
AGENCY



DEPARTMENT OF INDUSTRY  
OTTAWA, CANADA

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Canada is a big country; big in size, big in resources and big in outlook. The second largest country in the world, it extends four thousand miles from the Atlantic to the Pacific. With the most abundant supply of fresh water in the world, Canada has developed mammoth hydro electric projects which produce power at a cost second lowest in the world.

Canada is a major supplier of the world's food, particularly wheat. It has an abundance of most known minerals, the annual value of production being in excess of four billion dollars. Its forests, as well as providing unspoiled areas for recreation and wildlife, yield over three billion cubic feet of wood products annually.

Its two major railways are among the world's largest with total trackage of over 59,000 miles and the St. Lawrence Seaway and the Hudson Bay route offer ocean going vessels the convenience of inland ports.

Canada does a thriving export business and exports of manufactured goods have increased by 150% since 1960. The preferential trade agreements Canada has with a number of Commonwealth countries permits it to trade advantageously with many member nations. With rapidly increasing population and rising consumer demands, retail sales have trebled since 1946 to over \$20 billion per year.

With one of the highest standards of living in the world, an invigorating climate which offers a complete range of summer and winter recreational activities and a sound economic, social and political environment, Canada is a fine place in which to do business and to raise a family.





# **THE AREA DEVELOPMENT PROGRAM**

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In spite of its prosperity, there are certain areas in Canada which have marked time in terms of population, employment and economic growth. In order that these areas may also share in the nation's growth, a large number have been designated for assistance through special programs administered by the Area Development Agency of the Department of Industry.

Of major significance is the Incentives Program which provides cash grants and accelerated capital cost allowances to manufacturers and processors locating or expanding in designated areas. The incentives make it possible for industry to locate closer to the sources of raw material and to potential new markets while using the existing labour supply. Stepped up training and mobility measures help to upgrade the skills of the workers and to provide a continuing supply of skilled labour.





# **WHAT ARE THE BENEFITS?**

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There are three main benefits available under the Area Development Program:

1. A Development Grant in the form of cash or an equivalent tax credit of up to one-third of the capital cost of new machinery and equipment and new buildings. The Development Grant is exempt from federal income tax and does not reduce the amount of capital cost which may be used for tax purposes.
2. Accelerated Capital Cost Allowances of up to 50% per annum, straight line, on new production machinery and equipment.
3. Accelerated Capital Cost Allowances of up to 20% per annum, straight line, on new buildings and significant extensions to existing buildings.



# HOW THE PROGRAM WORKS

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## 1. DEVELOPMENT GRANT

### a. A New Facility

The amount of the grant for a new manufacturing or processing facility is based on:

33⅓% of the first \$250,000 cost of new machinery, equipment and buildings, plus 25% of the next \$750,000 of such costs, plus 20% of such costs thereafter.

The maximum grant for any new facility or for any expansion of an existing facility is \$5 million.

### b. An Expansion Facility

The amount of the grant for an expansion facility is based on the same rates except that the rates are applied to the cost of the expansion in excess of \$10,000 or 10% of the value of the existing facility, whichever is the greater.

### c. Payment of the grant is made in three instalments.

- (1) 60% upon the commencement of commercial production.
- (2) 20% one year later.
- (3) 20% two years later.

### d. If it is necessary for a firm to make a capital contribution to a municipality for utilities or services such as water lines or sewage disposal facilities, such payments may be considered for inclusion in the eligible assets.

## **2. ACCELERATED CAPITAL COST ALLOWANCES**

- a. Persons or firms who qualify for the development grants may be eligible for Accelerated Capital Cost Allowances on most of the assets which are eligible for the grant.**
- b. The depreciation rate allowed on most new industrial machinery and equipment is up to 50% per annum straight line instead of the normal 20% per annum on a diminishing balance.**
- c. The depreciation rate allowed on new buildings or significant extensions is up to 20% per annum straight line instead of the normal 5% or 10% per annum on a diminishing balance.**



# TYPICAL EXAMPLES

## GRANTS FOR *NEW* FACILITIES

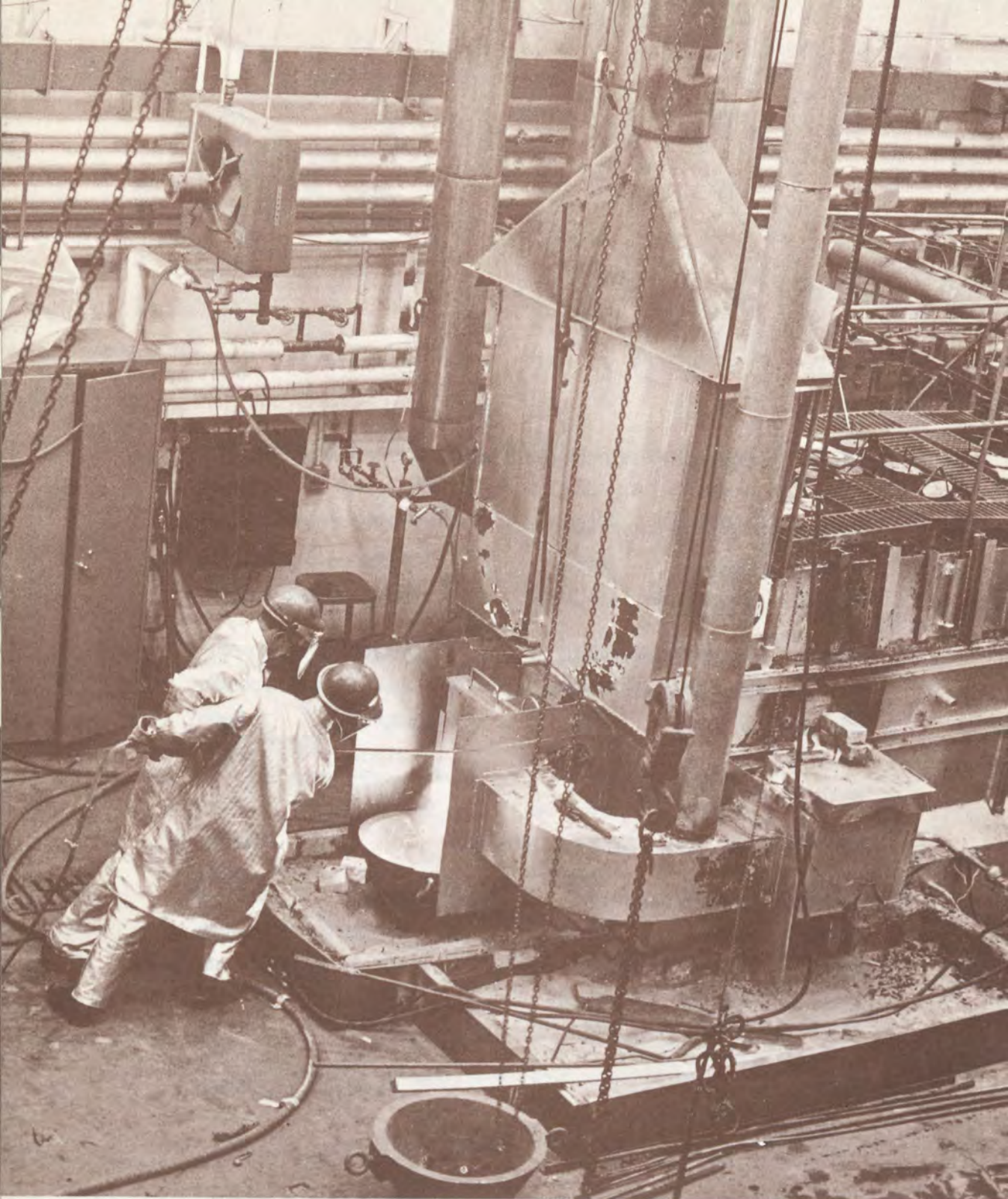
	CASE 1	CASE 2	CASE 3
New Machinery and Equipment	\$100,000	\$1,000,000	Same as Case No. 2
New Building	50,000	—	“
Eligible Assets	<u>\$150,000</u>	<u>\$1,000,000</u>	“
Formula Rate	33⅓%	33⅓% & 25%	“
Basic Grant	\$ 50,000	\$ 270,833	
<b>Adjustment</b>			
Other Federal Assistance	—	\$ 30,000	“
Grant After Adjustment	\$ 50,000	\$ 240,833	\$240,833
Equity	60,000	250,000	200,000
Grant	50,000	240,833	200,000*
Payment on Start-up	30,000	144,500	120,000
Payment at End of Year 1	10,000	48,166	40,000
Payment at End of Year 2	10,000	48,166	40,000

\*May be increased to \$240,833 at end of payment period provided there has been satisfactory performance.

### GRANTS FOR *EXPANSIONS* TO EXISTING FACILITIES

	CASE 1	CASE 2
New Machinery and Equipment	\$100,000	\$ 750,000
New Buildings	50,000	250,000
Eligible Assets	<u>\$150,000</u>	<u>\$1,000,000</u>
Value of Existing Facility	250,000	2,500,000
10% of Value of Existing Facility	25,000	250,000
Eligible Base	125,000	750,000
Formula Rate	33⅓%	33⅓% & 25%
Basic Grant	41,666	208,333
Adjustment for other Federal Assistance	—	30,000
Grant after Adjustment	41,666	178,333
Equity	60,000	250,000
Grant	41,666	178,333
Payment on Start-up	25,000	107,000
Payment at End of Year 1	8,333	35,666
Payment at End of Year 2	8,333	35,666





# **WHO CAN QUALIFY?**

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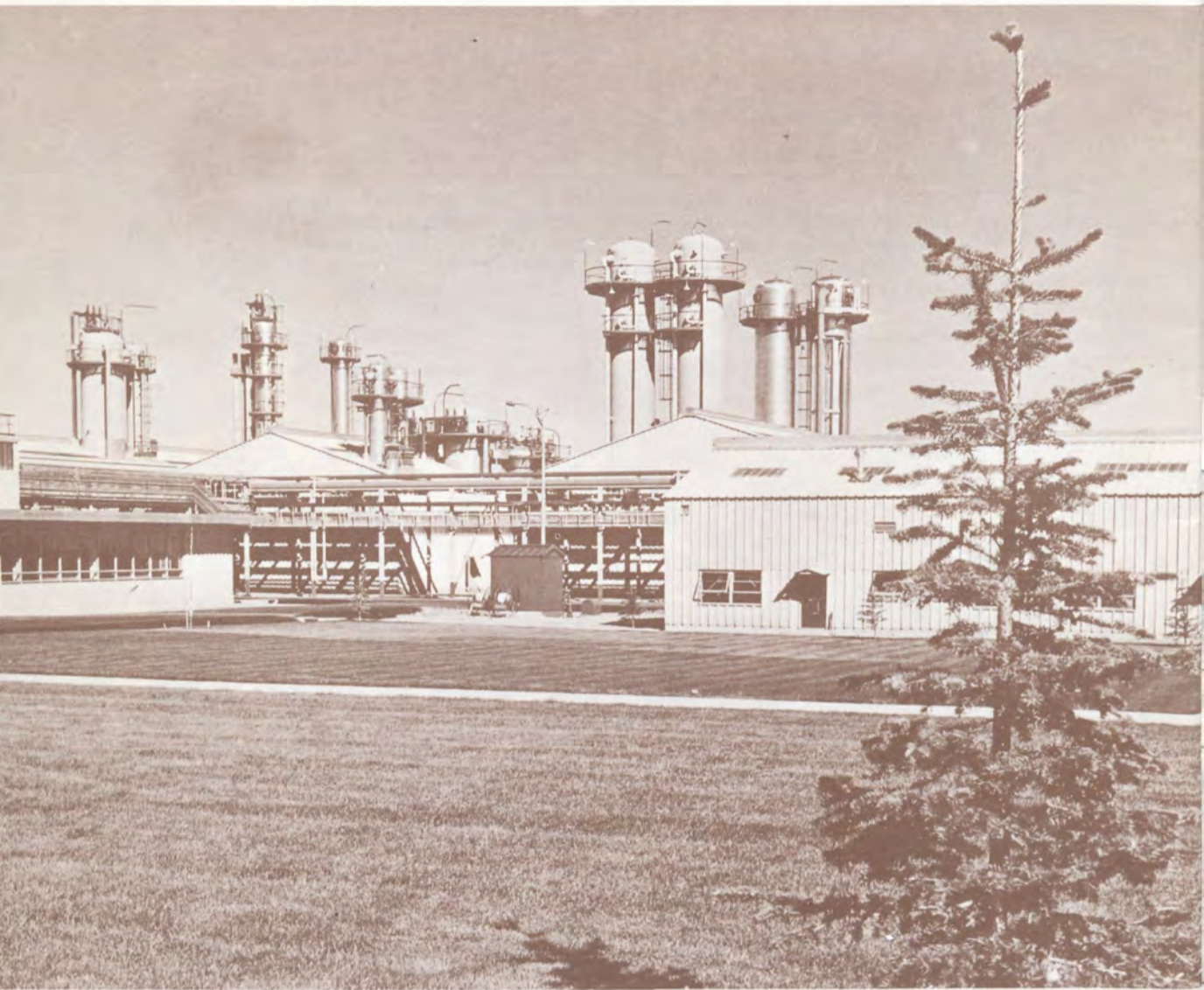
## **1. FOR THE DEVELOPMENT GRANT**

Any person or firm establishing a new manufacturing or processing facility or undertaking a significant expansion of an existing facility in a designated area may be eligible for a Development Grant. An important condition is that 95% of the machinery and equipment installed in the new or expanded facility must be new. An increase in employment is required to qualify for a grant on a facility being expanded.

## **2. FOR ACCELERATED CAPITAL COST ALLOWANCES**

Persons or firms who qualify for the Development Grants.





# **WHAT APPLICATION FORM IS REQUIRED?**

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## **ADA 7**

**This form may be filed for both the development grant and accelerated capital cost allowances on the eligible assets.**



## WHERE TO APPLY?

Application forms, copies of the Area Development Incentives Act and regulations are available from:

Area Development Agency,  
Sir Guy Carleton Bldg.,  
161 Laurier Ave., West,  
Ottawa 4, Ontario

Further assistance is available from the Area Development Agency's staff of experienced development officers.  
(See Area Development Agency Organization Chart for the name of your Regional Co-ordinator.)



INDUSTRY CANADA/INDUSTRIE CANADA



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**EARLY APPLICATIONS**

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Applications for grants must be submitted at the time projects are being planned and before commitments have been made for buildings and/or machinery and equipment.

If complete details are not available at that time, the applicant should submit an application marked "Preliminary" and send the additional information as it becomes available.

**Area Development Agency  
Sir Guy Carleton Building  
161 Laurier Ave., West  
Ottawa 4, Ontario**

Area Development Program

Canada Manpower Centre areas that qualify for designation:

Newfoundland

Corner Brook  
Grand Falls  
St. John's (Labrador ★)

Nova Scotia

Amherst  
Bridgewater  
Inverness  
Kentville  
Liverpool  
New Glasgow  
Springhill  
Sydney  
Sydney Mines  
Truro  
Yarmouth

British Columbia

Kelowna  
Penticton  
Vernon

Saskatchewan

Lloydminster  
North Battleford  
Prince Albert  
Yorkton

New Brunswick

Bathurst  
Campbellton  
Edmundston  
Minto  
Moncton  
Newcastle  
St. Stephen  
Sussex  
Woodstock

Ontario

Bracebridge  
Elliot Lake  
Hawkesbury  
Kirkland Lake  
New Liskeard  
North Bay  
Parry Sound  
Sturgeon Falls  
Timmins

Manitoba

Brandon  
Dauphin  
The Pas  
Selkirk

Quebec

Alma  
Baie Comeau  
Buckingham  
Causapsca  
Chandler  
Chicoutimi  
Dolbeau  
Forestville  
Gaspé  
Jonquière  
Lachute  
La Malbaie  
La Tuque  
Louiseville  
Maniwaki  
Matane  
Mégantic  
Mont Laurier  
Montmagny  
New Richmond  
Port Alfred  
Rimouski  
Rivière du Loup  
Roberval  
Shawinigan  
St. Jérôme  
Ste. Agathe  
Sept-Isles  
Ville St. Georges

Prince Edward Island

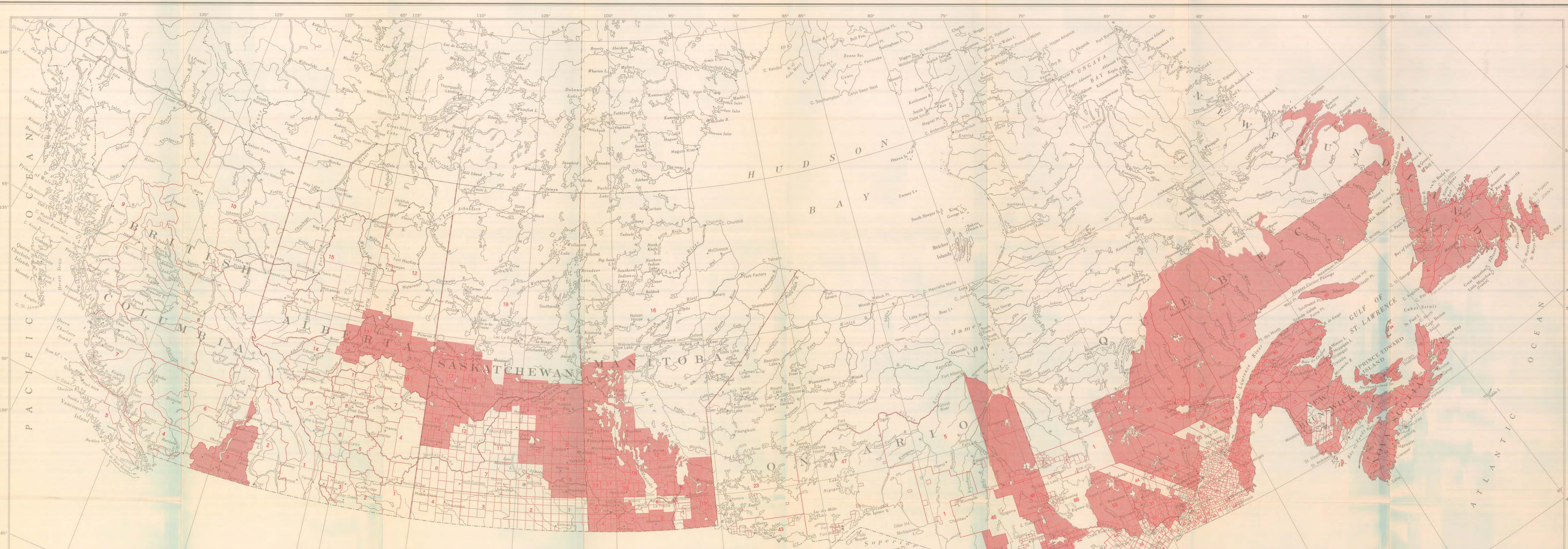
Charlottetown  
Summerside

Counties and Census Divisions that qualify for designation:

Queen's, N.B.	Census Division 3, Man.
Beauce, P.Q.	Census Division 10, Man.
Berthier, P.Q.	Census Division 18, Man.
Labelle, P.Q.	Census Division 19, Man.
Pontiac, P.Q.	Census Division 5, Sask.
Haliburton, Ont.	Census Division 10, Sask.
Parry Sound, Ont.	Census Division 13, Sask.
Manitoulin Island, Ont.	Census Division 12, Alta.
Census Division 2, Man.	Census Division 13, Alta.

★ to include Lake Melville district and coastal settlements south of the 55th parallel.





# CANADA

SCALE - ÉCHELLE  
1:5,000,000

0 50 100 150 200 250 300 350 400 MILES

DESIGNATED AREAS  
AREA DEVELOPMENT PROGRAM  
PROGRAMME DES RÉGIONS DÉSIGNÉES-  
AGENCE DE DÉVELOPPEMENT RÉGIONAL

DECEMBER - DÉCEMBRE  
1967

ONTARIO			QUÉBEC			NEW BRUNSWICK NOUVEAU-BRUNSWICK			NOVA SCOTIA NOUVELLE-ÉCOSSE			PRINCE EDWARD ISLAND ÎLE-DU-PRINCE-ÉDOUARD		
INDEX OF COUNTIES AND CENSUS DIVISIONS			INDEX DES COMTÉS ET DIVISIONS DE RECENSEMENT											
1. Algoma	19. Haliburton	37. Peel	1. Abitibi	20. Drummond	39. Madawaska	1. Albert	58. Beauséjour	1. Annapolis	2. Antigonish	1. Kings				
2. Bruce	20. Halton	38. Perth	2. Arthabouville	21. Frontenac	40. Motone	2. Carleton	40. Rouville	2. Cape Breton	3. Canso	2. Prince				
3. Bruce	21. Hastings	39. Peterborough	3. Arthabouville	22. Cochrane-Est	41. Motone	3. Chatham	59. Segouin	3. Canso	3. Canso	3. Queens				
4. Carleton	22. Huron	40. Prescott	4. Boga	23. Cochrane-Ouest	42. Mégantic	4. Gloucester	61. Shefford	4. Canso	4. Canso					
5. Cochrane	23. Kenora	41. Russell	5. Beauce	24. Îles-de-la-Madeleine	43. Mistiquet	5. Kent	62. Sherbrooke	5. Cumberland	5. Cumberland					
6. Dufferin	24. East	42. Prince Edward	6. Beauceville	25. Hull	44. Montcalm	6. Kings	64. Stratford	6. Digby	6. Digby					
7. Dundas	25. Lambton	43. Rainy River	7. Bellechasse	26. Goussier	45. Nottoway	7. Modoc	65. Stratford	7. Modoc	7. Modoc					
8. Stormont	26. Lennox	44. Renfrew	8. Berthier	27. Huntingdon	46. Montmorency No. 1	8. Northumberland	66. Saint-Hyacinthe	8. Northumberland	8. Northumberland					
9. Glengarry	27. Lennox & Addington	45. Simcoe	9. Bonaventure	28. Joliette	47. Montmorency No. 2	9. Queens	67. Saint-Jean	9. Queens	9. Queens					
10. Durham	28. Lincoln	46. Sudbury	10. Brome	29. Joliette	48. Jésus-Island-Île	10. Inverness	68. Saint-Maurice	10. Inverness	10. Inverness					
11. Northumberland	29. Manitowish	47. Thunder Bay	11. Chambly	30. Kamouraska	49. Nottoway	11. Kings	69. Saint-Maurice	11. Kings	11. Kings					
12. Elgin	30. Middlesex	48. Timiskaming	12. Champlain	31. Labelle	50. Nottoway	12. Lunenburg	70. Restigouche	12. Lunenburg	12. Lunenburg					
13. Essex	31. Muskoka	49. Victoria	13. Charlevoix-Est	32. Lac-Saint-Jean-Est	51. Nicolet	13. Pictou	71. Restigouche	13. Pictou	13. Pictou					
14. Leeds	32. Niagara	50. Wentworth	14. Charlevoix-Ouest	33. Lac-Saint-Jean-Ouest	52. Nicolet	14. Queens	72. Restigouche	14. Queens	14. Queens					
15. Grenville	33. Norfolk	51. Welland	15. Châteauguay	34. Laprairie	53. Pontiac	15. Richmond	73. Restigouche	15. Richmond	15. Richmond					
16. Lanark	34. Ontario	52. Wellington	16. Chicoutimi	35. L'Assomption	54. Pontiac	16. Shelburne	74. Restigouche	16. Shelburne	16. Shelburne					
17. Grey	35. Oxford	53. Wentworth	17. Compton	36. L'Érable	55. Pontiac	17. Victoria	75. Restigouche	17. Victoria	17. Victoria					
18. Halton	36. Parry Sound	54. York	18. Deux-Montagnes	37. L'Île	56. Pontiac	18. Yarmouth	76. Restigouche	18. Yarmouth	18. Yarmouth					
			19. Dorchester	38. Lotbinière	57. Richmond									

Note: For the 5 provinces divided into census divisions, the number only is given. — Note: Pour les 5 provinces subdivisées en divisions de recensement, seul le numéro est donné.