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Industry, Trade
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PROVINCIAL INDUSTRIAL DEVELOPMENT POLICIES AND PROGRAMS

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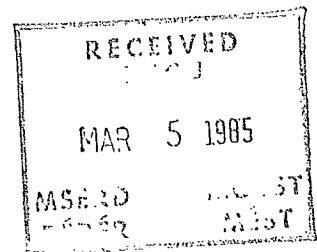
Policy Analysis

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INTRODUCTION

This report is an expansion of an earlier document entitled Provincial Industrial Support Programs which was issued in June 1974. While the emphasis in the earlier report was primarily on industrial support programs, this report gives far more importance to industrial development policies. At the same time, the information on industrial support programs has been amended and updated to reflect recent changes in provincial programs.

Most of the information compiled in this report was provided by the Regional Offices Branch, and the Provincial Departments of Industry and Commerce. It specifically includes:

- (a) Summaries of the industrial support programs of each Province; and*
- (b) Reviews of industrial development policies of each Province.*

The information on industrial support programs is subject to the following qualifications:

- (a) It contains material on programs of direct assistance to industry (loans, grants, consulting, etc.) where such assistance is part of an ongoing program. Programs of indirect aid (such as assistance of industrial commissions) are not included in this report;*
- (b) The emphasis in the report is on policies and funded programs. Thus, the ongoing activities of Provincial Departments of Industry are not treated in any detail. However, it should be recognized that the activities of the Provincial Departments are highly useful to industry;*
- (c) Programs providing low levels of assistance or having objectives which are peripheral to the industrial objectives of the Provinces have been excluded;*
- (d) This report is updated as and when changes occur. Each page is dated at the bottom.*

In summary, this report is very much an evolutionary document reflecting Provincial policies and programs at a certain point in time. As changes are made, and as information becomes available this report will be revised, expanded and updated to reflect the new state of affairs.

We wish to thank the Regional Offices Branch and the government officials from each of the Provincial Departments of Industry and Commerce who assisted us in compiling this information.

BRITISH COLUMBIA

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 Further development of the primary resource industries of the Province including mining, forestry and agriculture.

1.2 To improve opportunities for productive employment and access to those opportunities in areas or economic sectors of British Columbia which require special measures to realize development potential.

1.3 To promote balanced development among areas of British Columbia and to encourage the equitable distribution of the benefits of such development.

1.4 To encourage the further processing of primary resources in British Columbia prior to their export.

1.5 To develop the manufacturing sectors of the provincial economy.

2. GENERAL POLICIES

2.1 Assistance to small businesses.

2.2 Creating or improving secondary processing of the products of the forestry, mining, marine (fisheries) and agricultural sectors.

2.3 Development of transportation industries in Northwestern British Columbia.

2.4 Provincial support and encouragement of, and participation in, major new investment projects in the Province (e.g. steel mill).

2.5 Development of tourism and recreational opportunities.

2.6 Strict controls over the use of land, particularly conversion from agricultural uses to residential or industrial uses (particularly in the Greater Vancouver Regional District).

3. SECTOR THRUSTS

At present, there is scant information available on sector priorities. However, certain sectors have been identified as having great possibilities for contributing to industrial development in British Columbia. (These include:)

(a) Mining

(b) Forestry

(c) Marine (Fishery Products)

(d) Agriculture (Food Processing)

(e) Electrical and Electronics

(f) Machinery

(g) Ocean Industries

(h) Consulting Engineering (leading to B. C. manufacturers becoming involved in major capital products).

In the mining, forestry, fishery and agricultural sectors the thrust is towards encouraging resource upgrading and further processing. In the case of forestry there is a special emphasis on manufactured homes and

components.

4. INDUSTRIAL POLICY INSTRUMENTS

- (a) British Columbia Development Corporation
- (b) British Columbia Hydro
- (c) British Columbia Railroad
- (d) Regulatory Commissions - (i.e., energy)
- (e) Mining Tax Act
- (f) Land Use Regulations
- (g) Provincial Ownership/Equity Participation
- (h) Department of Economic Development
 - (i) Export Development Program
 - (ii) Technical Assistance Program
- (i) Mineral Processing Act (1970)
- (j) Mineral Royalties Act 1974 (Bill 31)
- (k) Farm Products Industry Improvement Act
- (l) B. C. Research

5. INDUSTRIAL SUPPORT PROGRAMS

Financial assistance and industrial land for the development of British Columbia industry is provided through the British Columbia Development Corporation.

Market development and management assistance through a grant system to aid the financing of export development activities, marketing research and feasibility studies is provided by the Department of Economic Development.

Support for the processing of agricultural products is provided through the Farm Products Improvement Act administered by the Department of Agriculture.

5.1 British Columbia Development Corporation (B.C.D.C.)

The corporation assists British Columbia businesses to obtain financing; provides direct financial assistance to manufacturers, processors and independent tourist business operators; and is active in the acquisition and development of industrial land.

The maximum small business loan is \$150,000 (although larger loans for special projects are considered). The interest rate is one half percent to 1½ percent over bank prime; the repayment terms are negotiable. To qualify the company must show that it has capable management, good earnings prospects and that the debt/equity ratio will not exceed 60:40.

Land is being acquired and industrial parks are being developed on a regional basis where a need exists.

B.C.D.C. can take minority equity positions in small businesses.

5.2 Department of Economic Development

The function of the Department of Economic Development is to develop regional and economic policy and plans; to encourage the

development, diversification and decentralization of British Columbia business; to increase the export of B. C. manufactured products and to stimulate the assembly and development of industrial land.

5.2.1 Export Market Assistance Program

The Department offers to its manufacturers four programs designed to encourage the exportation of manufactured goods outside B. C. The first is the Market Development Assistance Program, under which program the Department will reimburse a company for the air fare incurred in visiting a market outside the province. Second is the Trade Show Assistance Program in which the Department will reimburse a company for 50% of the costs incurred in renting a booth at a show, erecting and disassembling that booth, furnishing it, and also for the costs incurred in transporting the exhibits to the show. The third is the Incoming Buyers Program in which the Department will pay the air fare for a key potential buyer of provincial products to come to B. C. to examine the products and operations of either a single B. C. company or of an entire industry sector. All export market assistance programs now have a maximum departmental contribution of \$1,500.00.

Finally, the Department has an active Trade Mission Program in which it pays all costs for transportation, interpreters and receptions, for any group missions that it plans. It should be noted that all of these programs operate for new market areas outside B. C., even within Canada and the U. S.

5.2.2. Technical Assistance Program

This program assists individual companies in retaining consultants to carry out a specific study related to their activities. The program is designed to provide an incentive to improve their operation, expand their facilities, diversify their product lines, or enter new businesses.

Studies can range from marketing to financing to production. Assistance is limited to approximately 50 percent of the first \$8,000 cost of a study or portion thereof. The maximum grant is \$4,200.

5.3 Farm Products Industry Improvement Act

Provides grants, loans and guarantees of loans to encourage and assist development and expansion of agricultural industry. Can make incentive grants to agricultural enterprise, invest in shares of such enterprise, purchase interest in, loan money to, forgive loans (principal and interest) provided under the Act. Also assisting fairs and exhibitions is being considered under this Act. The program is administered by the provincial Department of Agriculture.



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PROVINCIAL INDUSTRIAL
SUPPORT PROGRAMS

PROGRAMMES PROVINCIAUX
D'AIDE A L'INDUSTRIE

CODES

A Direct Loans - Prêts directs
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D Equity - Participation au Capital - Actions

E Tax Concessions - Concessions fiscales
F Leases - Loués
G Others - Autres

Province BRITISH COLUMBIA	Purpose - But	Form Genre	ASSISTANCE - AIDE		ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
			SCOPE - PORTÉE	TERMS - CONDITIONS		
British Columbia Development Corporation	Assisting Small Business	A		Interest Rate $\frac{1}{2}$ to $1\frac{1}{2}$ over Bank prime Maximum Loan \$150,000 Security Mortgages	Size Small Businesses Sectors All, but labour intensive industries preferred Ownership At least 40% of equity Canadian-owned Location Entire province	Total Funding \$25 million Established Spring 1974
	Assisting Small Business	D		BCDC will take only a minority equity position with divestment to original owners		
British Columbia Department of Economic Develop- ment	Export Market Assistance Program	C	Coverage Approximately 50% of travel costs in marketing products abroad or rest of Canada. Also trade fairs and incoming buyers.	Maximum Grant \$1,500		
	Technical Assistance Program	C	Coverage Approximately 50% of cost of consultants fees for business improvement and development studies ranging from marketing to Financing to Production	Maximum Grant \$ 4,200		

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ALBERTA

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 To strengthen the control by Albertans over their own future and to reduce the dependency for continued quality of life on governments, institutions or corporations directed from outside the Province.

1.2 To achieve the first objective as much as possible through the private sector, using the public sector only in exceptional circumstances.

1.3 To strengthen competitive free enterprise by Albertans by giving priority to locally-owned businesses.

1.4 To diversify the industrial structure of Alberta.

1.5 To effect to a greater degree, than at present, the upgrading of natural resources.

2. GENERAL POLICIES

2.1 Spreading out economic growth on a balanced basis across the Province.

2.2 Strengthening free enterprise in Alberta by strengthening small and locally-owned businesses.

2.3 Upgrading the skills of Albertans in order to create higher productivity, greater income and more job satisfaction.

2.4 Capitalizing on natural advantages in

- tourism (east slope of Rockies)
- gateway to northern development (Edmonton as the major gateway to the Arctic)
- untapped food-growing potential
- assured source of supply for petrochemical feedstocks

2.5 Development of a corporate tax policy to favour small and locally-owned businesses.

2.6 Obtaining a "fair market price" for energy resources exported from Alberta.

2.7 Encouragement of research by the private sector in the area of upgrading of hydrocarbon resources (e.g. oil sands, coal classification).

2.8 Investment policy of Alberta is:

- a significant portion of provincial revenues must go towards investments which will benefit future generations of Albertans
- the investment must occur with a minimum of interference in the private sector
- the magnitude of sums invested must take the nature of traditional financial institutions into account
- the investments must be acceptable to all Albertans

2.9 Welcoming outside investment in the Province.

3. SECTOR THRUSTS

Alberta has not published detailed sector strategies. However, clean-cut priorities are apparent in certain sectors.

3.1 Primary Sector

- 3.1.1 Agriculture
 - to promote long-term marketing contracts for agricultural products
 - encouragement of the expansion of production facilities to meet increased demand
- 3.1.2 Resource Industries
 - ensuring that Alberta's resources are processed at source
 - encouragement of the development of depletable natural resources.
- 3.1.3 Energy
 - to obtain fair market value for resources
 - through the Alberta Energy Company (50% owned by the Provincial Government), purchasing leases in known gas producing areas
 - through the Alberta Energy Company constructing power plant and pipelines

3.2 Manufacturing Sector

- increased processing of natural resources
- diversification and strengthening of industrial sectors, especially in food processing, petrochemicals, primary (forest) products, secondary (wood) products, raw steel manufacturing, steel fabricating (and other steel using) sectors

3.3 Transportation

- concern with all aspects of transportation involving the movement of raw material and manufactured goods to Canadian and foreign markets. High cost of shipping finished goods of particular concern to Alberta Government
- strong interest in urban mass transit as evidenced by investment in Ontario Urban Transportation Development Corporation and proposed assembly of subway cars for Edmonton subway system within the province

4. INDUSTRIAL POLICY INSTRUMENTS

- (a) Alberta Opportunity Company
- (b) Alberta Agricultural Development Corporation
- (c) Alberta Export Agency
- (d) Alberta Petroleum Marketing Board
- (e) Alberta Oil Sands Technology and Research Authority
- (f) Business Development and Tourism - consulting and advisory services to industry, generation of industrial policy alternatives
- (g) Alberta Treasury Branches - operates as normal bank but sympathetic to problems of small business

(h) *Energy Resources Conservation Board*

(i) *Direct Investments*

- *Alberta Gas Trunk Line*
- *Pacific Western Airlines*
- *IPSCO*
- *Ontario Urban Transportation Development Corporation*
- *Alberta Energy Company*
- *Steel Alberta*

(j) *Legislation/Regulations*

(k) *Research Council of Alberta*

(l) *Regulations ensuring majority of Directors in Alberta registered companies be residents within the province*

5. INDUSTRIAL SUPPORT PROGRAMS

Financial support for Provincial Industrial Programs is provided through the Alberta Opportunity Company, the Alberta Agricultural Development Corporation and the Alberta Export Agency. The Provincial Department of Business Development and Tourism provides a wide range of services to industry, but, as a matter of policy, does not provide financial assistance programs.

The main industrial support programs:

- *Alberta Opportunity Company*
 - *loans and guarantees to firms engaged in manufacturing and tourism*
- *Alberta Agricultural Development Corporation*
 - *loans and guarantees to firms in the agricultural sector including agricultural processing*
- *Alberta Export Agency*
 - *loan guarantees and marketing assistance for firms involved in export of agricultural and industrial products*

Also, the Alberta Provincial Government is studying a Position Paper prepared by the Provincial Treasurer's Tax Advisory Committee studying the feasibility of providing tax incentives and making venture capital available to small business within the province.

5.1 Alberta Opportunity Company

The purpose is to provide capital financing to Alberta business with particular emphasis on small and new business in smaller communities of the province. It provides loans and loan guarantees with preferential interest rates to businesses located in centres with a population less than 10,000. Loans are available for fixed capital, real estate, working capital and certain types of inventories.

5.2 Alberta Agricultural Development Corporation

The purpose of this program is to provide financial assistance and educational or counselling services through a variety of programs. Loans and loan guarantees are available for equipment, working capital, land and improvements. Firms engaged in agricultural processing, farmers and agri-business are eligible for loans.

5.3 Alberta Export Agency (AEA)

AEA extends a number of services to Alberta firms requiring assistance in the export field including:

- guaranteeing loans, assisting in bringing foreign buyers and missions to Alberta in order to expose them to products and manufacturing capabilities within the province, as well as identifying export market opportunities on behalf of provincial firms.*

5.4 Business Development and Tourism (B.D. & T.)

BD&T provides a counselling and advisory service to the private sector in the areas of production, marketing (including exporting, trade missions, etc.), plant location, government policy, use of money, location of financing, assistance to communication in economic development, etc. (The Alberta Research Council provides technical advisory services).



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PROVINCIAL INDUSTRIAL
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Province	Purpose - But	Form Genre	ASSISTANCE - AIDE		ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
			SCOPE - PORTÉE	TERMS - CONDITIONS		
Alberta Opportunity Company	Fixed Assets (Machinery & Equipment)	A	<u>Coverage</u> Loans up to 80% of cost repayable in 3-15 years	<u>Interest Rate</u> - AEA borrow at 1/2% above provincial borrowing rate, lend at prime base chartered bank rate, although this can be varied up and down - higher in cities, lower in communities with population less than 10,000 - preferential rates for small businesses <u>Maximum Loan</u> - \$500,000 on Board's recommendation, over that amount requires Governor-in-Council approval. <u>Security</u> - Fixed and floating charges on debentures <u>Deferrals</u> - Up to 6 months	<u>Size</u> - Small businesses <u>Sectors</u> - Manufacturing - Processing - Tourism - Local Development companies - Services (excl. Finance) <u>Ownership</u> - Any <u>Location</u> - Alberta, preferably in smaller communities <u>Financing</u> not available elsewhere.	<u>Total Funding</u> - \$100 million <u>Average Loan</u> - 60% of loans \$50,000 or less <u>Reserve for Losses</u> - 5.8% - 6% <u>Incorporated</u> - July 1972 <u>Largest Loan</u> - \$1,539,000. Loans over \$500,000 by Order-in-council <u>Equity</u> - There has been some equity participation but it is now available only in extremely exceptional circumstances.
	Real Estate (Land & Buildings)	A	<u>Coverage</u> Loans up to 80% of cost repayable in 3-15 years			
	Working Capital (Incl. Restructuring)	A	<u>Coverage</u> Loans up to 80% of cost, repayable in 2-5 years			
	Inventories (Wholesale)	A	<u>Coverage</u> Loans up to 80% of cost, up to 2 years pay-out period			
	Working Capital	A,B	<u>Service Fee</u> Up to 2% on loan guarantees repayable in 5 years			
	Equity Participation	D	Only in extremely exceptional cases			
Alberta Agricultural Development Corporation	Fixed Assets Real Estate Working Capital Permanent Improvement Debt Consolidation Any Farm Development	A	<u>Repayment</u> - Up to 35 years	<u>Interest Rate</u> - 8% <u>Maximum Loan</u> - Not limit set (generally \$1000 - \$125,000) <u>Security</u> - Mortgages - Debentures - Chattels, etc. <u>Deferrals</u> - None	<u>Size</u> - Any <u>Sectors</u> - Agri-business (20 years) - Agricultural - Processing - Primary Producers <u>Ownership</u> - Alberta <u>Location</u> - Alberta, financing not available elsewhere	<u>Interest Rate</u> - 10% if farming no principal occupation of applicant
	Fixed Assets Real Estate Working Capital Permanent Improvement Debt Consolidation Any Farm Development	B	<u>Repayment</u> - 1-10 years (varies with type of loan) <u>Service Fee</u> - 1% on guarantees			

SASKATCHEWAN

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

- 1.1 *To increase the aggregate economic growth of the provincial economy in order to increase employment opportunities, encourage balanced growth between rural and urban centres and help ensure a continuing, vibrant, dynamic society.*
- 1.2 *To preserve and enhance the value of the Province's natural resources and optimize the value-added from processing and manufacturing of these resources.*
- 1.3 *To diversify the Province's economic base, to reduce its dependency on primary production, and thereby help stabilize the provincial economy.*
- 1.4 *To increase the number, range and type of employment opportunities within the Province in order to utilize more effectively the human resources of Saskatchewan.*
- 1.5 *To increase the opportunity for people in Northern Saskatchewan to participate more fully in the social, cultural and economic life of the Province.*
- 1.6 *To reduce the disparity in income between the people of Saskatchewan and people in the more prosperous parts of the country.*

2. GENERAL POLICIES

- 2.1 *Development of Northern Saskatchewan.*
- 2.2 *Obtaining the "best price" for energy resources exported from the Province.*
- 2.3 *Diversification of the provincial economy.*
- 2.4 *Improvement of recreational and tourism facilities in order to attract more tourists and to encourage tourists to stay longer in Saskatchewan.*
- 2.5 *Encouragement of family-owned farms rather than corporate farms.*
- 2.6 *Encouragement of small, locally-owned businesses.*
- 2.7 *Ensuring that secondary industries are in harmony with the natural and social environment of Saskatchewan.*
- 2.8 *Further processing of primary resources of the Province.*

3. SECTOR THRUSTS

3.1 Primary Sector

3.1.1 *Agriculture - capitalizing on world demand for protein by expanding the volume of raw materials which can be processed in the Province; expanding the capacity of the agricultural processing industry; stabilization of agricultural production and returns; allowing producers to have the collective power to sign long-term marketing contracts.*

3.1.2 *Resource Industries* - with respect to non-renewable resources, Saskatchewan is striving to ensure that they are explored at a rate commensurate with long-term socio-economic needs of Saskatchewan people and to ensure that their value is upgraded to the extent it is economically feasible at the local and provincial levels; in the forestry industry, Saskatchewan is striving for efficient management of its forest resource (i.e. optimum yield and utilization).

3.2 Manufacturing Sector

3.2.1 *Iron and Steel* - under a Subsidiary Agreement dated July 4, 1974, Saskatchewan and the federal government are jointly financing the development of an iron and steel complex in Saskatchewan. The proposed iron and steel complex will have a diversified product base, meet the market demands of Western Canada, provide economies of scale in the manufacture of steel and greatly extend the existing iron and steel capability of Saskatchewan.

3.2.2 *Other Secondary Industry* - the Saskatchewan Department of Industry and Commerce has selected certain sectors in secondary industry including: metal working and farm implements, construction projects within regional market potentials, chemical industry and products (i.e. petro-chemicals) (e.g. packaging, textiles, carpets, rope, twine) as priority areas.

4. INDUSTRIAL POLICY INSTRUMENTS

- (a) Saskatchewan Economic Development Corporation (SEDCO)
- (b) Department of Industry and Commerce
 - (i) Trade Development Branch (Aid-to-Trade Program)
 - (ii) Business Assistance Branch
 - (iii) Economic Development Program for Disadvantaged People
- (c) Economic Development Fund (Department of Northern Saskatchewan)
- (d) Saskatchewan Power Corporation
- (e) Mineral Disposition Regulations
- (f) Department of Telephones
- (g) Saskatchewan Housing Corporation
- (h) Saskatchewan Research Council
- (i) Department of Tourism and Renewable Resources
- (j) Saskatchewan Trading Company

5. INDUSTRIAL SUPPORT PROGRAMS

Saskatchewan uses a variety of instruments to support industrial development in the province. Saskatchewan Economic Development Corporation (SEDCO), a provincial Crown corporation, provides loans, loan guarantees and leaseback arrangements for new operations and expansion of existing facilities. The Department of Industry and Commerce can help to arrange for grants and loans for market development, expansion, etc. In addition, the Department provides money for feasibility studies.

The Economic Development Fund (an agency of the Department of

Northern Saskatchewan) provides loans and grants for locally owned businesses in the northern part of the Province.

Tax legislation is not considered a major tool for industrial development by the Saskatchewan government. However, resource royalties are a negotiable item.

5.1 Saskatchewan Economic Development Corporation (SEDCO)

SEDCO was established in 1963 to encourage the development of economic activity in the Province through the provision of financial and other assistance. Firms eligible for assistance include virtually all sectors of the economy (except farming, extractive industries, real estate and financial firms). Funds are available for loans, loan guarantees and equity participation in high-risk enterprises. SEDCO will also purchase building sites and lease them to its manufacturing enterprises who are clients of SEDCO.

SEDCO is governed by a Board of Directors chaired by the Minister of Industry and Commerce. The senior management position is that of managing director. The managing director reports directly to the Minister.

Repayment terms on loans depend on the purpose. Real estate loans are repayable over periods of up to 20 years, and loans for equipment must be repaid in 5 to 8 years. The interest rate varies with the term of the loan and, in general, the shorter the term, the lower the interest rate.

For loan guarantees there is a negotiation fee of 1% which declines as the amount increases. Loan guarantees are available for new operations, expansions and working capital.

The average loan by SEDCO is approximately \$174,000. However, loans of \$100,000 or less still constitute the majority of loans, accounting for 67% of the total number approved.

5.2 Department of Industry and Commerce

The primary objectives of the Department of Industry and Commerce are to stimulate the growth of the Saskatchewan economy and to broaden and diversify the economic base of the province, thereby helping to increase personal income and creating job opportunities for the labour force.

5.2.1 Trade Development Branch - Aid-to-Trade Program - The Aid-to-Trade Program is designed to help manufacturers promote the sale of products beyond their normal marketing territories and to help them launch new products in the market place.

Financial assistance of up to 50% of project costs is available in the form of grants for Trade Fair participation, trade missions to new markets and related activities. The average grant is approximately \$1,171.

5.2.2 Business Assistance Branch - The objective of this Branch is to assist existing and potential industry to expand or maintain their level of service in the Province. Consulting services are provided to industry including advice on management practice, provision of relevant economic information on economic conditions in the Province, and various forms of training.

5.2.3 Industrial Development Branch - This branch: (1) assists manufacturing and processing industries in maintaining, diversifying and expanding their facilities; (2) encourages the establishment of new manufacturing and processing facilities; (3) helps industries increase efficiency and productivity by providing them with branch consulting services or cost-shared services by external consultants; and (4) determines development opportunities and encourages companies to take advantage of them.

5.2.4 Special Assistance Branch - The Economic Development Program for disadvantaged people provides grants for feasibility studies and funds to offset capital at operating deficit for groups working to establish viable manufacturing or processing ventures.

5.2.5 Research and Program Development Branch - Part of this Branch's responsibility is to perform feasibility studies for firms seeking to expand or establish new operations. If the Branch does not have the expertise, it can help to arrange for grants (up to 50% of costs) for outside consultants to do the job.

5.3 Economic Development Fund

The Economic Development Fund is an agency of the Department of Northern Saskatchewan. Its goal is to encourage and assist in the establishment of new business enterprises in the northern part of the Province. Funds are available for loans and grants to partnerships, companies or cooperatives making worthwhile proposals. Funding will be approved if the proposal is considered economically sound, and of benefit to the district in which it is located.

5.4 Saskatchewan Trading Company

Saskatchewan Trading Company is a recently formed provincial Crown Corporation charged with assisting all Saskatchewan companies and individuals in all matters related to export trade including tariffs, documentation, marine transportation and insurance.

The Company can act as a broker, agent or merchant as required for Saskatchewan suppliers and overseas buyers. It can purchase Saskatchewan products outright or on consignment, for resale or display purposes and is in a position to negotiate terms between suppliers and buyers.

The Trading Company will limit itself to a buying/selling function with trade development activities being principally handled by Department of Industry and Commerce. Both the private sector and other government agencies are to be served by the new agency. It is expected that operating funds will come from sales commissions and will be sufficient to earn a profit for the Company.



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PROVINCIAL INDUSTRIAL SUPPORT PROGRAMS

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Province	Purpose - But	Form Genre	SCOPE - PORTÉE	ASSISTANCE - AIDE	TERMS - CONDITIONS	ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
SASKATCHEWAN Saskatchewan Economic Development Corp.	New Operations	A	Repayment Equipment loans, 5-8 years. Buildings, 8-12 years. Real estate up to 20 years by monthly instalments.	<p>Interest Rate 1/2% above prime rate Varies with term</p> <p>1 to 5 yrs. loans 11 1/2% 5 to 10 yrs. 11 3/4% 10 to 20 yrs. 12 1/5%</p> <p>Maximum Loan Not specified</p> <p>Security First mortgage, pledge unfixed assets</p> <p>Note: Interest rates will vary according to the term of the loan and capital market conditions at the time of the loan.</p>	<p>Size No restrictions</p> <p>Sectors</p> <ul style="list-style-type: none"> -Manufacturing -Tourism, Industrial Services -Intensive agriculture -Wholesale and Retail outlets -Commercial Transport -Contracting <p>Ownership Any</p> <p>Location Anywhere in Sask.</p> <p>Borrower must have a reasonable equity in the business (At least 20%)</p>	<p>Total Funding Not specified</p> <p>Average Loan 1975 \$174,000</p> <p>Incorporated 1963</p> <p>Total Loans \$22,720,000</p> <p>Total Guarantees \$2,166,000</p> <p>Percentage of Loans not available</p> <p>Resulting Bad Debts not available 67% of the loans are for less than \$100,00</p>	
	Expansion	A					
	New Operations	B	Negotiation Fee 1% on guarantees of up to \$100,000 and at a declining rate for higher amounts				
	Expansion	B					
	Working Capital	B	Repayment 1 month to 2 years Interest Rate 1/2% above prime rate				
	Sites/Buildings	F	SEDCO will buy building or sites and lease them to applicants				
	High Risk Businesses	D	Only if risk higher than normal Divestment To original owners				
Department of Industry & Commerce	Trade Fair Participation -Sample Merchandise -Trade Missions New Markets -Trade Missions to Sask -Market Research	C	Assistance provided is up to 50% pf costs			Location Entire province	Total Budget \$50,000 Average Grant \$900
	Expansion Establishment of new ventures	A	Forgivable loans - six years interest free - forgiven at 10% per year for first five years and remainder forgiven in 6th year	Maximum Loan \$300,000 Minimum Costs \$50,000 -For new ventures \$10,000 for expansions -No loans if prior commitments have been made -Security is required on loans	Size of Business Larger firms Sectors -Manufacturing -Processing Outside DREE Areas		
Business Assistance Program	Feasibility studies	A,C	50% assistance if outside consultants required	-Consulting studies -Training -Feasibility studies			
Department of Northern Saskatchewan Economic Development Fund	Establishment of new business	A	Repayment principal and interest over varying periods	Interest Rate Varies with current market conditions	Size Small business Sector any Ownership Local Location Northern Sask.	Established 1973	
	Establishment of new business	B,C	Loans do not have to be repaid				

MANITOBA1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 To appraise and guide industrial development projects with a more active awareness of their social costs and benefits.

1.2 To develop full employment throughout the Province throughout the year, taking into special consideration those people with low skills or limited experience, minority groups, women and also those trained for professions.

1.3 To develop a greater proportion of high wage industries in Manitoba.

1.4 To develop, wherever possible, a domestic capability in the production of goods currently imported.

1.5 To develop public participation at the municipal level in the development of rural Manitoba.

1.6 To develop a strong tourist industry.

2. GENERAL POLICIES

The goal of the Government of Manitoba is to strive for equality of the human condition, or equality of opportunity and fulfillment of need. In other words the Government seeks to create an economic and social environment in which each individual as fully as possible enjoys his or her share of the aggregate wealth of the society to which he or she belongs.

The purpose of the Department of Industry and Commerce is to contribute to the optimum economic development of the Province, in such a way that:

(1) The total economic wealth of the province is increased and the standard of living is enhanced thereby. (2) The most significant benefits of an industrial economy are passed on to every citizen: that is, job creation is related directly to all people whose needs and desires have not been fulfilled within the market system. They would include the technologically displaced, socially disadvantaged; those in low productivity, low technology, low-pay occupations; those with specialized knowledge and skills to which there is not adequate opportunity, and those in regional areas affected by rural-urban shifts. (3) Employment within the Province is seasonally stabilized, that is, industries which contribute to seasonal anomalies are either reformed or superceded by others, the employment practices of which ensure long-term benefits for their employees. (4) Those residents of rural Manitoba, who so desire, are able to find employment within their home regions. (5) The physical environment is preserved and enhanced as much as possible. (6) Industries and commercial enterprises within the Province direct their affairs to the benefit of the community, and with this in mind, local control is to be supported. (7) Values are placed on the physical and social conditions of work, including the relations of employees to each other and the managers and owners of industry. (8) Public participation and decision making is encouraged.

This will be accomplished by maintaining and promoting the increase of desirable private and public investment; establishing employment generating activities and enterprises; developing management and technical skills; offering professional management, research and information services; and providing where necessary, financial assistance, for commercial and industrial enterprises.

3. SECTOR THRUSTS

3.1 Primary Sector

3.1.1. *Agricultural, Fishery and Food Products - encouragement of further processing and increased marketing.*

3.1.2 *Resource Industries - encouragement of further processing; providing raw material for secondary manufacturing.*

3.2 Manufacturing Sector

3.2.1 *Machinery - ensuring that an "appropriate" amount of R&D is done.*

3.2.2 *Textiles and Consumer Products - continuing human resource development.*

3.2.3 *Electrical and Electronics - encouraging R&D activities.*

3.2.4 *Transportation Industries - encouraging R&D activity in the manufacturing of mass transit equipment.*

4. INDUSTRIAL POLICY INSTRUMENTS

(a) Manitoba Development Corporation; (b) Manitoba Trading Corporation; (c) Communities Economic Development Fund; (d) Department of Industry and Commerce; (Feasibility Study Incentive Program), (Design Improvement Incentives Program), (Research and Development Incentives Program); (e) Manitoba Hydro; (f) Mining Royalty and Tax Act; (g) Manitoba Research Council; (h) Manitoba Design Institute.

5. INDUSTRIAL SUPPORT PROGRAMS

Manitoba provides financial assistance to industry in the form of loans, loan guarantees and cost-sharing grants. The organizations through which funds are available are:

- Manitoba Development Corporation provides loans for industrial expansion and establishment of new industries in the Province;*
- Manitoba Department of Industry and Commerce provides cost-sharing grants for a variety of industrial activities;*
- Communities Economic Development Fund is a source of funds for local enterprise in rural and northern areas of the Province;*
- Manitoba Trading Corporation (Manitrade), is the provincial export-development agency. Not only can it support export development, but it can also act as a direct exporter;*

5.1 Manitoba Development Corporation (MDC)

The objectives of MDC are to encourage development of industry (manufacturing and tourism) in the province. To this end, it provides loans for expansion and the establishment of new industries. In addition, it provides funds to community development companies to finance the purchase of land for industrial sites.

MDC - Maximum loan is based on the availability of capital with a repayment period negotiable up to 20 years. Since its inception, MDC has made 632 loans for a total of approximately \$335 million. In addition, MDC has taken equity positions in some businesses, but this is no longer the practice. However, it still has equity positions in a number of Manitoba companies.

5.2 Department of Industry and Commerce

The overall objective of the Department is to develop industry in Manitoba. To this end, the Department has a number of programs designed to assist firms in their development within the province. The purpose of these programs is to provide information, advice and support for Manitoba companies.

To be eligible for financial assistance from the Manitoba Department of Industry and Commerce, the company must be resident in Manitoba, and the product or service must be considered to be of economic benefit to the Province. Details of the programs of direct assistance to industry are provided in the subsequent paragraphs.

5.2.1 Research and Development Assistance - Grants are available to selected Manitoba companies undertaking product or process development with preference to smaller firms. At the discretion of the Department, and depending on the size of the project, a company may be requested to show that they did not qualify for PAIT assistance.

Cost-sharing basis - 2/3 of first \$2,000 of cost
 - 1/2 of next \$3,000 of cost
 - 1/3 of next \$15,000 of cost
 - may be negotiated

5.2.2 Feasibility Studies - Assistance is provided to Manitoba companies: (a) to examine and study the possibilities for expansion or location in Manitoba; (b) to prepare plans to assist in motivating financial interests and/or (c) to assist companies in making applications for grant assistance from DREE. Cost-Sharing Basis - up to 50% of cost.

5.2.3 Design Improvement and Marketing Assistance - Grants are available for retaining private consulting and/or advisory services for the purpose of assisting in the improvement of product design and quality. It is restricted to projects where significant economic benefit to Manitoba is apparent and where the company is in need of assistance not available in other programs. Cost-Sharing Basis negotiated.

5.3 Communities Economic Development Fund

This program has primarily a regional focus. Its purpose is to

provide funds for the development of businesses in rural Manitoba (particularly the Northern part of the province). Loans and loan guarantees are available to applicants with terms being dependent on the nature of the venture. To be eligible, business must be small, locally-owned and engaged in manufacturing, tourism or services.

5.4 Manitoba Trading Corporation - Manitrade

Manitrade was recently formed with the intention of increasing the volume of exports from Manitoba. The corporation can support export development activity (i.e. trade fairs, incoming buyers, etc.) and assist in the export of professional services.

However, Manitrade has even broader powers which permit it to:

- (a) act as a merchant, buying products in Manitoba and selling them outside the Province;
- (b) purchase products in other provinces, when necessary, in order to complete export orders for Manitoba products;
- (c) purchase products from foreign suppliers and arrange reciprocal or counter trade when such transactions enhance export opportunities for Manitoba products;
- (d) finance exports by extending credit to agents and distributors; and
- (e) purchase products and merchandise for consumption in Manitoba.



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PROVINCIAL INDUSTRIAL SUPPORT PROGRAMS

PROGRAMMES PROVINCIAUX D'AIDE A L'INDUSTRIE

CODES

- A Direct Loans - Prêts directs
- B Loan Guarantees - Garanties des prêts
- C Grants - Subventions
- D Equity - Participation au Capital - Actions

- E Tax Concessions - Concessions fiscales
- F Leases - Loués
- G Others - Autres

Province MANITOBA	Purpose - But	Form Genre	ASSISTANCE - AIDE		ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
			SCOPE - PORTÉE	TERMS - CONDITIONS		
Manitoba Development Corporation	Land Industrial Sites	A	Repayment Negotiable 2-20 years	Interest Rate Not specified Maximum Loan \$250,000* Security First mortgage Deferrals None *Loans in excess of this amount have to be authorized by the Minister responsible	Size No restriction Sectors Manufacturing Tourism Ownership Any Location Anywhere in Manitoba - regional balance sought. - Financing not available elsewhere on reasonable terms. - Business viability must be demonstrated.	Total Loans Made 1974-75 - 28 applications - \$44,000,000 total Equity investments and loan guarantees no longer made Total Deficit 1974-75 \$38 M
	Buildings	A				
	Infrastructure	A				
	Fixed & Working Capital	A				
Department of Industry & Commerce	R&D Assistance	G	Cost Sharing up to 2/3 of first \$2,000 of cost; 1/3 of next \$3,000 of cost; 1/3 of next \$15,000 of cost. Larger grants negotiated with Manitoba Research Council.	Must have impact on Manitoba economy within 5 years.	Industrial process and product development by manufacturers, educational inst. or joint industry/university R&D.	
	Feasibility Studies	C	Cost sharing basis, up to 50% of costs \$1,000 usual limit.		- Assists firms in feasibility studies for locating plants in Manitoba - Consultants can be used - Assists in applications for DREE grants	
	Design Improvement & Marketing	C	Cost sharing agreement is negotiated		- For projects where aim is the improvement of product design and marketing organization & operations	

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ONTARIO

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 To expand the existing industrial base and improve its international competitiveness in a manner consistent with a high quality of life.

1.2 To increase the rate of economic development in slow growth regions of the Province.

2. GENERAL POLICIES

2.1 Assisting small and medium-sized businesses.

2.2 Encouraging the processing of primary resources in Ontario.

2.3 Regional development (Northern Ontario and, to a lesser extent, Eastern Ontario - includes measures to avoid further concentration of population and industry in the Toronto-Centered Region).

2.4 Promotion of exports (including shipments to other provinces).

2.5 Development of service industries:- identification of service industry groups; identification of priorities and needs; encouraging improved productivity.

2.6 Foreign ownership policies:- controlling the level of foreign ownership in key sectors; optimizing the benefits of foreign investment.

2.7 Encouraging development of new products and exploitation by industry, of advances in science, technology and design.

2.8 Improving the productivity and efficiency of Ontario industries.

2.9 Developing Ontario-based international companies.

3. SECTOR THRUSTS

3.1 Energy-To support the efforts of Ontario in implementing its policy of improving the security of energy supply, legislation was introduced in November 1974 to establish the Ontario Energy Corporation, which would have the object of investing or otherwise participating in energy projects in Canada or elsewhere.

This is Ontario's vehicle for negotiating the necessary agreements and making subsequent investments in a joint venture for extraction and processing of bituminous oil sands. It is also a member of a consortium conducting engineering, financial, economic and environmental studies necessary for the filing of applications before regulatory authorities to approve the building of a large diameter, high pressure natural gas pipeline from natural gas reserves in the eastern high Arctic to southern Canada.

Ontario has instituted a wide-ranging Energy Management Program designed to provide operational and management assistance to all sectors of the Province's economy. Coordinated by the Ministry of

Energy, a total of eleven Ministries are involved in 70 individual projects being undertaken to determine practical ways of reducing the Province's overall energy bill by about \$1 billion per year by 1980.

3.2 Metals-Ontario has two legislation measures in effect to further resource metal upgrading in Canada.

The first is Section 113 of the Mining Act which requires ores taken in the Province to be processed in Canada to a state suitable for use in the arts. This requirement can be waived by Order-in-Council on application of the mine owner where facilities are not available or feasible in Canada, or where the economics do not justify the processing in Canada.

Secondly, the Mining Tax Act provides incentives to further the upgrading of ores in Canada and Ontario and does not provide credit for processing abroad except under unusual circumstances requiring Cabinet approval for limited periods of time.

3.3 Petrochemicals/Chemicals-Ontario supports upgrading of Canadian resources through crude forms through intermediate stages to end products in Canada. It favours grasping our comparative advantage in these areas to displace imports with domestic production to improve the Canadian balance of payments, employment opportunities, and technology to Canada's net gain and to diminish reliances on foreign sources.

There is an implicit belief that world scale, internationally competitive facilities in Canada are a requirement to that end, and the Sarnia area, from its existing base, is seen to be the area for one such centre. Ontario sees a need to achieve competitive supply and feedstock costs for such operations.

3.4 Textiles-The "Developmental Program for the Ontario Apparel Industry" supports the decision, made in 1972, to stop the erosion of this industry. Accordingly, Ontario companies may have their manufacturing operations reviewed by outside consultants to increase productivity and reduce costs. A school of apparel management in Toronto is training middle managers for the industry. Schools in Toronto and London have been established to train sewing machine operators. Periodically, a Canadian Men's Wear Export Show is held.

3.5 Tourism-A move towards a complementary approach to promotion and development.

3.6 Transportation-The Ontario Urban Transportation Development Corporation has been set up to develop, exploit and market new technologies in urban mass transportation.

A 1971 Ontario policy statement on the Northwestern Ontario Region called for "more effective transportation and communication for economic growth and social welfare".

As a result, Ontario Northland Air Services (nor-Ontair) was

established in that year, featuring local and feeder service connecting regional airports and airports in small companies.

Traffic has grown from 500 passengers per month to nearly 5000 per month, 75 percent of whom are travelling on business. This confirms that the original objective of support to business activity has been realized.

3.7 Three new Ontario incentive programs are in effect. (a) Ontario Product Design and Development Program (PDDP). Co-sponsored by the Federal Office of Design, Department of Industry, Trade and Commerce, this Program provides financial assistance to existing small manufacturing companies to retain specialists for the purpose of: (1) developing new products; (2) upgrading the design and quality of existing products; (3) improving their competitive position in the market place; (4) establishing a better understanding for design management principles in small business and for utilization of Industrial Design. (b) Program to Encourage Product and Process Innovation (PEPPI). This program provides financial assistance to the inventor or small business entrepreneur, who has no suitable facilities of his own, to make the prototype of a new product or develop a new process. (c) Ontario Program for the Advancement of Industrial Technology (OPAIT). The purpose of this program is to encourage the expansion and promote the efficiency of existing small secondary manufacturing companies in Ontario by financially assisting selected projects which: (1) develop new or improved products or processes; (2) offer good market potential and good prospects for commercial exploitation in domestic and international markets; (3) significantly advance the innovation and technology practiced by the industry.

4. INDUSTRIAL POLICY INSTRUMENTS

(a) Ontario Development Corporation; (b) Income Tax Act/Budget; (c) Ontario Energy Board; (d) Ontario Securities Commission; (e) Ontario Hydro; (f) Royalties, Stumpage Fees, etc.; (g) Ontario Mining Act - prohibits export of unprocessed minerals (Section 113); (h) Department of Industry and Tourism - consulting and advisory services to industry; (i) Land Use Regulations (e.g. Niagara Escarpment) and assistance; (j) Land Transfer Tax; (k) Ministry of Treasury, Economics and Intergovernmental Affairs - regional planning; (l) Ontario Research Foundation; (m) Ontario Economic Council.

5. INDUSTRIAL SUPPORT PROGRAMS

Financial support for industry in Ontario is provided through three development corporations, the Northern Ontario Development Corporation, the Eastern Ontario Development Corporation, and the Ontario Development Corporation (Central and Southwestern Ontario).

5.1 Ontario Development Corporations (ODC) NODC) (EODC)-The financial assistance programs of the Development Corporations of Ontario divide into two broad classifications:-incentive loans and term loans.

5.1.1 Ontario Business Incentives Program-To encourage industrial and economic development in Ontario, incentive loans are provided for the construction or expansion of manufacturing plants to service industries in support of manufacturing, and tourist operations and attractions which will benefit local resort operators. The loans are repayable but the incentives provided are by the deferment of principal payments and waiver of interest for periods of up to five years. Foreign-owned firms only are considered for new operations and must meet special criteria. In Northern Ontario, OBIP offers loans of up to 90 percent of the cost of eligible assets with a maximum of \$500,000. In Eastern Ontario, the plan provides for 75 percent of the eligible assets with a maximum of \$500,000 and in the balance of the province 50 percent of the cost of eligible assets with a maximum of \$500,000.

Approved costs include expenditures for machinery and equipment, construction of buildings and the purchase and improvement of existing buildings.

5.1.2 Term Loans-Term loans are normally available to secondary manufacturing companies and related service industries that qualify, where funds are not available from conventional lending institutions on reasonable terms and conditions. There are many different loan categories, included under Term Loans.

5.1.2.1-Loans to Small Business-The small business loans assist Canadian companies to expand and create employment in economically viable small enterprises that qualify. Maximum loan is \$75,000.

5.1.2.2-Venture Capital for Canadians-Venture capital for Canadians helps small Canadian-owned businesses in Ontario to introduce new products and technology that will help diversify the economy of Ontario. Maximum loan is \$100,000.

5.1.2.3-Pollution Control Equipment Loans-Loans are available to existing companies for the purchase of pollution control equipment. Maximum loan is \$250,000.

5.1.2.4-Tourist Industry Loans-Applicants must be located in areas where tourism is of major importance to the local economy. Tourist loans in Eastern and Northern Ontario are available to establish new facilities with a maximum of \$500,000. Loans to upgrade and expand existing facilities are available to tourist operators throughout the Province with a maximum of \$200,000. New developments and expansion of accommodation will be considered only in areas where there is a demonstrated need and where the operations are considered economically viable.

5.1.2.5-Industrial Mortgage and Leasebacks-Funds are available for construction or leaseback of new facilities, expansion of existing buildings, or for the purchase of new equipment up to a maximum of \$500,000.

5.1.2.6-Export Support Program-The export support loans provide assistance to Ontario-based exporters encountering difficulties in financing exports of capital and consumer goods which have a significant Canadian content. Both production and receivable financing is available up to \$500,000 and credit insurance is normally required.



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Province	Purpose - But	Form Genre	ASSISTANCE - AIDE		ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
			SCOPE - PORTÉE	TERMS - CONDITIONS		
Ontario	New Operations	A	Coverage up to 50% of the cost of eligible assets. Deferral of principal and waiver of interest payments for up to five years	Interest Rates are assessed quarterly. For current rates call (416) 965-4622 Maximum Loan \$500,000 Security Debentures Repayment 5-20 years	Size No restrictions Sectors Secondary manufacturing, services in support of manufacturing, tourist operations and attractions Ownership Canadian - foreign Owned firms will be considered in some cases Location Ontario	Approved Capital Costs Include - machinery & equipment - new buildings - purchase of existing buildings - costs of renovation and expansion of existing buildings
Northern Ontario Development Corporation (NODC) Business Incentives Program	New Operations/ Expansions	A	Coverage up to 90% of the cost of eligible assets. Deferral of principal and/or interest payments.	Interest Rates are assessed quarterly. For current rates call (416) 965-4622 Maximum Loan \$500,000 Security Debentures Repayment 5-20 years	- benefit to Ontario must be demonstrated (i.e. jobs created, import replacement etc.) - applicant must have a satisfactory degree of equity in project	ODC formed in 1966 NODC formed in 1970 BODC formed in 1973 Also in 1973 the Ontario Business Incentives Program replaced the former Performance Loan Program.
Eastern Ontario Development Corporation (EODC) Ontario Business Incentives Program	New Operations/ Expansions	A	Coverage up to 75% of the cost of eligible assets	Interest Rates are assessed quarterly. For current rates call (416) 965-4622 Maximum Loan \$500,000 Security Debentures Repayment 5-20 years	- applicant must demonstrate the need for an incentive.	

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PROVINCIAL INDUSTRIAL
SUPPORT PROGRAMS

PROGRAMMES PROVINCIAUX
D'AIDE A L'INDUSTRIE

• CODES

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B Loan Guarantees - *Garanties des prêts*
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Province	Purpose - But	Form Genre	SCOPE - PORTÉE	ASSISTANCE - AIDE	TERMS - CONDITIONS	ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
ONTARIO							
<u>Term Loan</u>	Small Business	A	Canadian ownership maximum \$75,000 Interest Rate 12½%		<u>Repayment Schedule</u> - according to needs of business	<u>Size</u> Mainly small business <u>Sector</u> Secondary manufacturing - services in support of manufacturing - tourism	The program complements the services offered by the Export Development Corporation, the chartered banks, and other financial institutions.
Incl: ODC NODC EODC	Venture Capital (for new technologies)	A	Canadian ownership maximum \$100,000 Interest Rate 12½%		<u>Security</u> Debenture Specific and floating charges on assets	<u>Ownership</u> Canadian - Small Business and Venture Capital loans, in other programs foreign owned firms considered in exceptional cases	Loan guarantees are available instead of direct loans where appropriate.
	Pollution Control Equipment	A	Maximum \$250,000 Interest Rate 12½%		<u>Repayment</u> Maximum term 20 years	<u>Financing</u> not available elsewhere on reasonable terms	
	Tourist Industry Loans	A	New operations, NODC & EODC, maximum \$500,000 <u>Upgrading & expansion</u> , ODC, NODC & EODC, maximum \$200,000 Interest Rate 12½%		<u>Interest Rates</u> Reviewed quarterly	<u>Applicants</u> must have sufficient equity in the venture	
	Industrial Mortgages and Leasebacks	A	Maximum \$500,000 Interest Rate 12½%			<u>Location</u> Anywhere in Ontario	
	Export Support	A	Maximum \$500,000 Interest Rate 11%				

10/78

QUEBEC

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

These objectives are:

1.1 *To rationalize the industrial structure of Quebec by according special attention to small and medium-sized businesses in order to arrive at an international standard for performance, productivity and profitability;*

1.2 *To increase productive jobs and stabilize employment in the traditional sectors;*

1.3 *To improve the standard of living;*

1.4 *To strengthen the industrial and urban structure of Quebec and promote optimum development of the various regions;*

1.5 *To encourage increased participation by Quebecers in their own development;*

1.6 *To further the balanced development of Quebec in relation to the various regions of Canada.*

2. GENERAL POLICIES

The aim of these policies is:

2.1 *To foster innovation and investments in Quebec by granting funds to firms established in the province instead of favouring outside businesses;*

2.2 *To back foreign investment aimed at the introduction of new advanced secondary manufacturing industries with a high rate of value added and offering prospects of stability for labour. That sector would complement the existing Quebec-based industries and enhance the total economic performance of the Quebec business community;*

The province is not seeking to encourage foreign investments which lead to intensive exploitation of the primary resources and processing industries - energy and capital-intensive industries - which contribute little in value added and in the hiring of labour;

2.3 *To increase the income of Quebecers by improving productivity in the existing industries;*

2.4 *To steer the industrial structure of the province further towards more modern industries;*

2.5 *To increase the capabilities of the workers so that they may become more highly qualified;*

2.6 *To encourage better utilization of resources;*

2.7 *To improve transportation in slow-growth regions;*

2.8 *To provide active assistance for local firms;*

- 2.9 To promote the processing of natural resources in Quebec;
- 2.10 To develop the utilization of the province's natural resources in such a way as to maximize their impact on the manufacturing sector;
- 2.11 To promote better urban balance among the different regions of Quebec while consolidating the role of Montreal as a center of development for Quebec and Canada;
- 2.12 To permit the growth of a strong scientific community in Montreal;
- 2.13 To improve the use Quebec makes of its human resources.

3. SECTOR THRUSTS

3.1 Primary Sector

3.1.1 Agriculture - In this field, the trend is towards: greater diversification in the production of grain and oils for industrial use; an increase in the productivity of the land by reclaiming it and implementing zoning policies; rationalizing the food-processing industry.

3.1.2 Forestry - In this field, the trend is towards: rationalizing the sources of supply and making those sources more accessible; modernizing the existing processing plants; increasing the opportunities afforded for new ventures.

3.1.3 Mining - In this field, the trend is towards: increasing exploration for resources; increased processing of minerals in Quebec, particularly non-metallic minerals.

3.1.4 Fisheries - In this field, the trend is towards: regrouping the operations in well-equipped centres; modernizing the fisheries and fish-processing firms.

3.2 Manufacturing Sector

In this sector, the trend is towards:

3.2.1-consolidating the position of the traditional industrial sectors (especially the sector which produces consumer goods and the industries processing natural resources) by reducing fragmentation, through rationalization, or by giving production a new orientation through modernization - particularly of the equipment and the marketing methods.

The following industries are included in the traditional industries' category: leather, textiles, clothing, hosiery, wood, furniture, pulp and paper.

3.2.2-establishing industries with a high growth rate and productivity and also extremely innovative industries. The activity will concern primarily the industries that meet those requirements.

3.2.3-encouraging speedier development of the chemical industry, the petroleum by-products industry and related industries such as

those that produce synthetic textiles, plastics and pharmaceuticals.

3.3 Tertiary Sector

3.3.1 Tourism and Recreation-In this field, the trend is towards: speeding up the establishing of facilities; making those facilities more accessible; making them more profitable.

3.3.2 Transportation-In this field, the trend is towards: erecting an intermodal air terminal for air freight at the new Mirabel Airport near Montreal.

3.3.3 Banking and Finance-In this field, the trend is towards: consolidating the position of Montreal in the field of international trade and in related activities.

4. INDUSTRIAL POLICY INSTRUMENTS

These tools are: (a) the Quebec Industrial Development Corporation (QIDC); (b) the Act promoting industrial development by means of tax benefits; (c) tax exemption accorded manufacturers; (d) the Mining Duties Act (relief from taxation, penalty taxes, etc.); (e) SIDBEC (provincial steel company); (f) SOQUEM (provincial oil company); (g) SOQUIP (provincial oil company); (h) Quebec Corporation Tax Act; (i) the Department of Industry and Commerce (which provides consulting and advisory services to industry); (j) the Centre de recherches industrielles du Quebec (CRIQ) (Quebec Industrial Research Centre); (k) Quebec Deposit and Investment Fund; (l) General Investment Corporation of Quebec; (m) assistance to the municipal industrial committees; (n) the Eastern Quebec Development Bureau; (o) the Quebec Planning and Development Bureau; (p) SOQUIA (a Quebec Agriculture Department agency which offers financial aid for the rationalizing of food processing industries); (q) SODEQ (a group of new venture capital companies which it is planned to create for the purpose of providing risk capital and management resources for small and medium-sized manufacturing businesses. SODEQ members will be entitled to special tax deductions proportionate to the sums invested in the manufacturing firms).

5. INDUSTRIAL SUPPORT PROGRAMS

Quebec grants financial aid to industry through loans consented by the Quebec Industrial Development Corporation and tax benefits enjoyed by the manufacturing and exporting industries; - the Quebec Industrial Development Corporation grants loans (at the prevailing rate and lower), loan guarantees and equity for new operations and the expansion of existing facilities; tax exemptions on retail sales are granted for machine tool purchases and for gas and electricity used in the manufacturing processes.

5.1 Quebec Industrial Development Corporation - The purpose of this corporation is to promote industrial expansion in Quebec and create new jobs. It is empowered to make loans at the prevailing rate and lower, may take responsibility for a portion of the interest

when the loan comes from another agency, may make loan guarantees and acquire equity in manufacturing firms. The funds it offers must be used for buying, erecting or improving factories, land and machines, obtaining and utilising patents and restructuring the firms. The firms able to claim assistance from the Industrial Development Corporation are: (a) industries whose investment programs are helping to change the industrial structure of the province. These firms must make use of advanced technology in manufacturing their products or belong to a sector with inadequate production to meet the demand of an expanding market. Before it can claim a loan, the company has to invest over \$150,000 and the total amount invested must equal at least 10% of the value of the production facilities already available in Quebec, with due allowance for amortization; (b) firms that wish to regroup or reorganize to increase their productivity; (c) lastly, manufacturing firms which are making a profit and can contribute to the industrial growth of the province but cannot obtain financing from other agencies under reasonable conditions.

Export Aid

In 1975, the Act was amended to enable the Corporation to institute an export aid program for small and medium-sized industrial or commercial businesses which export goods manufactured in Quebec.

1. The aid may take the form of short- and medium-term credit for financing the stocks used in manufacturing goods for export, and for foreign accounts receivable. Financing will be granted on occasions when banks are unwilling to authorize credits although, in our opinion, the firm has an adequate borrowing capacity.
2. Aid is also granted in the form of a possible take-over of up to 90% of the cost of the credit funds used by the firm for financing sales abroad. To receive the aid, the firm will have to increase the volume of its exports substantially over a 5-year period. The amount taken over will be reduced proportionately if the firm fails to achieve its goal.
3. Finally, in some cases, the Corporation may acquire equity in Quebec firms in order to help them finance exports or else invest stock capital directly in the subsidiaries those firms establish abroad.

Tax Relief

Businesses which comply with the criteria contained in 5.1 (a) and (b) may also enjoy tax relief in the amount of 30%, 50% or 100% of the admissible investments, depending on the region in which the investment is made.

5.2 Sales Tax Reductions - Manufacturing firms in Quebec are entitled to certain sales tax reductions which are intended to encourage investments in the province.

5.2.1 Industrial machinery - Industrial machinery which has been or will be purchased between April 19, 1970 and March 31, 1977

is exempt from provincial sales tax.

5.2.2 Gas and electricity - No sales tax is required on 90% of the gas and electricity used by the manufacturing industries in their production process.

5.2.3 Tax relief proportionate to the volume of sales outside Quebec - Manufacturers who export their products from the province enjoy a reduction in sales tax on the materials used in the products exported. This tax relief is proportionate to the volume of sales made outside the province up to a maximum of 66-2/3% of the tax normally paid.

5.2.4 Taxes on gasoline and diesel fuel-Manufacturers are exempt from paying taxes on gasoline and diesel fuel used in running engines not mounted on a vehicle or included in the composition or products derived from gasoline.

5.2.5 Building construction, repairs and improvement - Since contractors are regarded as consumers of the material incorporated in a building during its construction, or when it is undergoing repairs or improvement, they are required to pay sales taxes on that material. When they pay their contractor, the manufacturers are consequently paying sales tax, albeit indirectly, on the material contained in their buildings. However, if they had purchased that material directly, they would have been exempt from the sales tax (see paragraph 5.2.1). Hence, the regulations which enable them to recoup part of the sales tax indirectly paid in this way.



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PROVINCIAL INDUSTRIAL
SUPPORT PROGRAMS

PROGRAMMES PROVINCIAUX
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CODES

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C Grants - Subventions
D Equity-Participation au Capital-Actions

E Tax Concessions - Concessions fiscales
F Leases - Loués
G Others - Autres

Province	Purpose - But	Form Genre	SCOPE - PORTÉE	ASSISTANCE - AIDE	TERMS - CONDITIONS	ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
QUEBEC	Québec Industrial Development Corp. (QIDC)	Plants - Purchase, construction	A		Interest Rate Prevailing rate or lower *(see eligibility)	Size No constraints Sector Manufacturing Ownership Any Location Québec Other Criteria *Type of Firm 1) Advanced technology for manufacture of new products with minimum investment of \$150,000 and at least 10% of assets owned in Québec 11) Small and medium size businesses regrouping means of production 111) Companies earning a profit but not able to find assistance elsewhere on reasonable terms	Began operation in 1972. Loaned \$63 million to 145 companies in fiscal year ending March 31, 1974
		Land	A		Maximum Loan \$500,000		
		Equipment	A				
		Acquisition of Patents	A				
		Regrouping/Amalgation	A				
		Same as Above	B				
		Same as Above	D	Minimum of 30% of capital stock or 10% of total assets			
		Same as Above	G	Acquisition of immovables by QIDC for purposes of lease or resale			
		Same as Above	A	Exemption from repayment depending on output			
		Sales Tax Exemptions - Retail	Industrial Machinery	E	Machinery purchased between 19 April, 1970 and 31 March, 1977 exempt from sales tax		
Gas and Electricity	E		Gas and electricity used by manufacturers in manufacturing processes are 90% exempt. (10% of the amounts purchased are taxed)				
Export Promotion	C		Tax exemption proportionate to sales outside Québec on goods for use in production - cannot exceed 66.7% of tax payable				
Construction/Repair/ Improvement of Buildings	E		Partial recovery of tax on equipment installed by others				
Tax on Gasoline and Diesel Oil	E		Reimbursement of tax paid on stationary motors and in products using gasoline in formula				

NEW BRUNSWICK

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

- 1.1 To support and strengthen existing industries.
- 1.2 To attract new industrial activity.
- 1.3 To increase quality of employment.
- 1.4 To expand the tax base.
- 1.5 To maintain or improve levels of social and environmental quality.
- 1.6 To alleviate regional disparities.

2. GENERAL POLICIES

- 2.1 Total development and most effective management of natural resources.
- 2.2 Maximum possible processing of these resources within the province.
- 2.3 Import substitution.
- 2.4 Development of the transportation and distributional facilities of the province.
- 2.5 Encouraging new manufacturing industries to locate in New Brunswick.

3. SECTOR THRUSTS

3.1 Primary Sector

3.1.1 Agriculture - better utilization of agricultural resources; increasing the volume of total production; expanding the range of processing activities.

3.1.2 Fisheries - increasing value-added through attention to new species; developing existing species; increased processing activities.

3.1.3 Forestry - better utilization of the forest resources through better management of Crown lands; ensuring that fibres are put to optimum use; eliminating waste by streamlining it as a new material for other users.

3.1.4 Mineral Resources - encouraging private investment in exploration and mine development; encouraging further processing of indigenous minerals; encouraging reinvestment of mining profits in similar or other industrial sectors in the province.

3.1.5 Energy - developing electrical generating capacity (thermal and nuclear) in excess of present requirements for export to the U.S.

3.2 Manufacturing Sector

3.2.1 Secondary Industry - developing new resource-based secondary industry; developing non-resource based industry where

a year round port provides an advantage (e.g. specialized forest products, container ports); modernizing existing facilities.

3.2.2 Existing Industry - recognizing the problems of businesses presently located in New Brunswick (these problems are mainly related to management financing and marketing); developing resources in the Department of Commerce and Development to deal with marketing and management problems; dealing with financing problems through interim financing as provided by the Industrial Development Board, and through a special Intensive Care Unit.

4. INDUSTRIAL POLICY INSTRUMENTS

(a) New Brunswick Industrial Development Board; (b) Provincial Holdings Ltd.; (c) Department of Commerce and Development - Consultant and Management Training Programs; Management Consultants in Plant; Export Assistance; Package and Product Design for Export Products; Market Research; Executive Internship Program; (d) New Brunswick Research and Productivity Council; (e) New Brunswick Design Council; (f) Department of Fisheries - Fisherman's Loans Act; (g) Department of Agriculture - Livestock Incentives Program; Handicraft Training Program; Farm Adjustment Board; (h) Stumpage Fees - (forestry & logging); (i) Mineral Royalties; (j) Mining Act; (k) Oil and Natural Gas Act; (l) Pipeline Act; (m) Bituminous Shale Act; (n) Mining Income Tax Act; (o) Ownership of Minerals Act.

5. INDUSTRIAL SUPPORT PROGRAMS

New Brunswick supports its development objectives by means of a series of programs providing assistance to industry.

5.1 New Brunswick Industrial Development Board - The New Brunswick Industrial Development Board has been set up to provide financial assistance to manufacturers or processors in the province. Such assistance normally takes the form of a direct loan or loan guarantee. Terms and conditions are subject to individual negotiation but specifically require the applicant to provide reasonable equity and security in the form of a first charge on assets. The Board is considered to be a lender of last resort and the applicant must, therefore, have unsuccessfully approached normal conventional lenders.

5.2 Provincial Holdings Ltd. - Provincial Holdings Ltd. has been established by the New Brunswick government as a crown-owned corporation to hold and administer the province's equity position in various companies. This agency is prepared to take an equity position in manufacturing industries wishing to locate in New Brunswick. The extent of the equity taken by Provincial Holdings is negotiable and depends upon various factors in a particular proposal.

5.3 Research and Productivity Council - The Research and Productivity Council was established primarily to provide a source of technical support services for New Brunswick industry. The Council maintains

a well-equipped centre for engineering and problem-solving, industrial research and development, and management consulting. RPC carries out research and problem-solving on a cost-recovery basis for clients in Canada and abroad. An industrial engineering service is made available to New Brunswick companies by RPC through a National Research Council contract. In addition NRC, in cooperation with RPC provides free technical information and assistance to New Brunswick companies.

5.4 Department of Commerce and Development - The Department offers a wide variety of services to industry in New Brunswick, including the provision of management, technical and product improvement services to provincial industry; the development of new or expanded markets for provincially manufactured or processed products; the development of the maximum local processing of provincial resources; and the provision of a high level of management, technical and financial services to provincial industries that are in danger of failure.

Specific services include: programs of export assistance to supplement FEMD; package and product design assistance for products being exported; support for the organization of consortia of both manufacturers and consultants for export; consultant and management training programs; executive internship program; technical advice, assistance and training; cost-shared marketing studies; assistance in publishing promotional brochures; supporting the sale of New Brunswick products to provincial purchasing authorities.

5.5 NED & KED Programs - The Department of Commerce and Development is responsible for the administration of the Northeast Development Program and the Kent Development Program. These programs are designed to encourage and assist the establishment, modernization and expansion of small industries in northeast N.B. Interest-free forgivable loans are provided to companies whose approved capital costs do not exceed \$60,000 and which are not eligible for DREE assistance because of size.

To be eligible a project must involve manufacturing or processing, or a maintenance or repair facility related to the manufacturing sector.

5.6 New Brunswick Design Council - The New Brunswick Design Council provides grants to firms to improve industrial design in the province. Firms in all sectors are eligible with no restrictions on the size or location of the company. To date the largest grant was \$15,000. The 1976/77 budget is \$70,000.



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NEW BRUNSWICK							
Minister of Commerce and Development	Land, Buildings	A/B		A. Interest Rate Determined by cost of money to province		For A, B, D Size No restrictions Sectors Manufacturing Processing	A. Budget \$4.5 Million Average Loan \$800,000 Largest Loan \$3.1 Million
	Equipment	A/B					
	Restructuring	A/B					
	Land, Buildings, Equipment Restructuring	A/B					
	Land, Buildings, Equipment Restructuring	A/B	No policy stated on A	Maximum Loan None specified		Ownership Any	Bad Debts 1976/77 - 132
	Land, Buildings, Equipment Restructuring	A/B		Security Usually fixed charge on land, buildings or equipment		Location Entire province	
Provincial Holdings Ltd.	Equity Funding	D	Minority interest preferred objective to divest	D. No policy		Size No restriction Sectors Manufacturing	
Department of Commerce Development Northeast Development Program (NED) and the Kent Economic Development Program	Buildings	A, B	Loans forgivable over two years with annual technical audit. Forgivable loans and loan guarantees available up to 50% of eligible costs. For new business, 30% in case of expansion or modernization	C. Interest Rate None	Maximum Loan \$30,000	C. Size Small companies	Total approved capital costs not to exceed \$60,000 Sectors Manufacturing & Processing Location NE N.B. & Kent County Not eligible for DREE
	Equipment	A, B					
				Security None requested. Ensure money spent for purposes allocated			Total Budget \$700,000 Average Loan \$20,000 Established April 1973 NED 4/76 NED
New Brunswick Design Council	Design Assistance	C	Maximum - up to where IDAP would apply			Size No restriction Sectors Manufacturing Ownership Any Location Entire province	Average Grant \$ 2,000 Largest Grant \$15,000 Budget 1976-77 - \$70,000

1/77

NOVA SCOTIA

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

- 1.1 Encourage the expansion or maintenance of viable, long-term employment opportunities and optimum quality of life within Nova Scotia.
- 1.2 Increase the earned incomes of the people of Nova Scotia; and
- 1.3 Assist in the development of a dynamic and creative provincial economy which will encourage the growth and stability of economic activity in the province.

2. GENERAL POLICIES (Not listed by priority)

In seeking to achieve these general objectives, the governments will jointly pursue a consistent and coordinated course of action involving more specific sectorial and geographic approaches, including:

- 2.1 The development of new or expanded employment opportunities through the province by the identification and implementation of appropriate development opportunities;
- 2.2 The design and implementation of urban and rural development measures required to promote and support economic and socio-economic development opportunities in Nova Scotia;
- 2.3 The development of the resource industries of fishing, agriculture, forestry and mining through measures to improve their efficiency, productivity and optimum resource utilization; including intensified research and the further processing of their primary products;
- 2.4 The development of the Halifax/Dartmouth Metropolitan Area, with special emphasis on high technology industries, communication, distribution and transportation-related industries, and a wide range of business and personal services, consistent with its evolution as a major business and service centre;
- 2.5 The continued development of the primary and secondary processing of imported and domestic raw and semi-finished materials in the Strait of Canso area including such industries that may be associated with or in any way dependent upon its existing base of petroleum refining and any expansion thereof, and related services and secondary industries;
- 2.6 The development of the economic and social opportunities of the tourism/recreation and related sectors;
- 2.7 The provision of interim assistance required to eliminate impediments threatening the retention and maintenance of otherwise viable employment opportunities and industries;
- 2.8 The development of spin-off opportunities related to supply, service, exploration, extraction and distribution of off-shore oil and gas;

2.9 The development of ocean science technology and ocean-related industries, including shipbuilding and ship repair;

2.10 The development of energy resources and energy distribution systems to assist in providing the adequate energy supplied to Nova Scotia consumers and industries;

2.11 The development of port facilities to take maximum advantage of geographic location, ice-free ports and deep-water ports.

3. SECTOR THRUSTS

4. INDUSTRIAL POLICY INSTRUMENTS

4.1 Department of Development - Rural Industry Program; Nova Scotia Resources Development Board; Consulting and Advisory Services to Industry.

4.2 Department of Agriculture and Marketing - Farm Loan Program; Timber Loan Program.

4.3 Industrial Estates Limited - General Development Program; Small Business Financing Program; Advisory Services to Client Companies.

4.4 Metropolitan Area Growth Investment Ltd. (joint federal/provincial).

4.5 Nova Scotia Research Foundation Corporation.

4.6 Cape Breton Development Corporation (special federal Crown development agency).

5. INDUSTRIAL SUPPORT PROGRAMS

The Province provides financial assistance to industry through the Department of Development, the Department of Agriculture and Marketing, Industrial Estates Limited and Metropolitan Area Growth Investments Ltd. The Department of Development has the responsibility of administering the development policies of the province and coordinating these policies with those of other departments and agencies.

In brief, the major institutions providing financial assistance are:
The Department of Development: (1) Rural Industry Program - provides grants to rural industry not available in other grant programs.
 (2) Nova Scotia Resources Development Board- provides loans for capital projects in the resource industries relating to primary manufacturing and processing, fishing and tourism.

The Department of Agriculture and Marketing: (1) Farm and Timber Loan Boards - provide loans to the resource industries of agriculture and forestry. (2) Miscellaneous subsidy programs for a broad range of agriculture specialties.

Industrial Estates Limited: provides loans for establishing and expanding secondary manufacturing facilities throughout Nova Scotia

plus loans to selected service industries in small rural communities.

Metropolitan Area Growth Investments Limited: provides equity funding on the same basis as any incorporated investment house. Its area of operation is confined to business centered inside the Halifax/Dartmouth area.

5.1 Department of Development - The Department of Development administers the following assistance programs which are designed to complement the loan services of IEL and certain business development grant programs, notably RDIA:

5.1.1 Rural Industry Program - This program is designed to provide job and income opportunities by assisting the development of small rural industries. Assistance is provided in the form of grants covering up to 50 percent of a project's capital cost. The Rural Industry Program is applicable to the establishment, expansion or modernization of any commercial undertaking engaged in: (1) Utilization of primary resources; (2) Processing; (3) Manufacturing; (4) Selected Services. Assistance is also available to cover up to 100 percent of pilot action, research and special training projects. The maximum grant given for any one project is \$10,000.

Nova Scotia Resources Development Board - The NSRDB is an amalgamation of three resource oriented loan boards. It was formed to ensure that locally-owned, resource-based industries are not impeded by a lack of term financing and to act as an implementation tool of provincial development policies. The programs sponsored by the NSRDB are:

5.1.2 Industrial Loan Program - This program offers loans to finance fixed assets for primary manufacturing and processing businesses, fish plants, lobster pounds, saw and planing mills and other industries relating directly to the natural resource sector. The interest rate is currently $10\frac{1}{2}$ per cent and the maximum repayment period is 15 years. The interest rate fluctuates depending on the province's cost of borrowing. For the fiscal year ended March 31, 1976, the average industrial loan was \$195,000. The reserve for losses is based on the condition of individual loans.

5.1.3 Tourism Industry Loan Program - This program offers loans to finance the fixed assets of tourism facilities such as motels, hotels, campsites, restaurants and certain recreational facilities. While new construction and expansion activities are eligible, the purchase of existing facilities is not. No projects can be financed which are located in the Halifax metro area. The interest rate is currently $10\frac{1}{2}$ per cent and the maximum repayment period is 20 years. The interest rate fluctuates depending on the province's cost of borrowing. For the Fiscal Year ended March 31, 1976, the average tourism loan was \$122,000. The reserve for losses is based on the condition of individual loans.

5.1.4 Fisheries Loan Program - This program offers loans to fishermen, fishermen's associations and fishing companies for the

purpose of purchasing boats, engines, navigation equipment, fishing equipment, and large seiners, trawlers and draggers in wood and steel. The interest rate currently ranges from $6\frac{1}{2}$ to $7\frac{1}{2}$ per cent depending on the type of assets to be purchased. The interest rate is fixed at a low level to encourage the fishing industry. The maximum repayment period is 15 years. For the Fiscal Year ended March 31, 1976, the average fisheries loan was \$14,300.

5.2 Department of Agriculture & Marketing - The Department of Agriculture and Marketing administers the Farm Loan Program and the Timber Loan Program which are designed to create employment and income opportunities in the agriculture and forestry sectors. It also administers a broad range of subsidy programs to encourage the agriculture industry in Nova Scotia.

5.2.1 Farm Loan Program - This program offers loans to finance fixed assets and livestock for farm development. The interest rate currently ranges from 6 to $8\frac{1}{2}$ per cent. This variation relates to the category of farmer needing the assistance and the amount of money to be loaned as outlined below:

Young Farmer	- 0	- \$50,000	6%
Young Farmer	- \$50,000	- \$125,000	7%
Commercial Farmer	- 0	- \$125,000	7%
Part-time Farmer	- 0	- \$20,000	$8\frac{1}{2}$ %

The maximum repayment period is 30 years.

Order-in-Council approval is required for loans over \$125,000. For the Fiscal Year ended March 31, 1976, the average farm loan was \$28,000. The reserve for losses is 1 per cent of outstanding accounts.

5.2.2 Timber Loan Program - This program offers loans to finance the purchase of forest lands by the owners and operators of forest products mills, excluding pulpmills. The land must be located within 30 miles of the mill. The interest rate is presently 7 per cent and the maximum repayment period is 20 years. Loans can cover up to 75 per cent of the Timber Loan Board's appraised value of the woodland. For the Fiscal Year ended March 31, 1976, the average timber loan was \$42,600. The reserve for losses is 1 per cent of the outstanding accounts.

5.3 Industrial Estates Limited - IEL is a Provincial Crown Corporation which has broad powers to help attract new manufacturing industries into Nova Scotia and to assist in the expansion of existing facilities. The objective of IEL is to expand the industrial base of Nova Scotia and to create new job opportunities. It provides financial assistance and advisory services throughout the province under the following two programs:

5.3.1 General Development Program - This program is designed to provide loans to new or expanding industries in the secondary manufacturing sector. Firms must have anticipated annual sales greater

than \$1 million. There is no upper limit on the amount loaned. IEL will provide up to 100 per cent mortgage financing on the cost of land and buildings and up to 60 per cent financing on the installed cost of equipment. The loan required is usually more than \$150,000. There are no restrictions on ownership. The interest rate is currently 11 per cent and the largest loan authorized in 1975 was \$15,200,000.

5.3.2 Small Business Financing Program - This program is designed to provide appropriate financing or supplementary funds to new and expanding small industries engaged in manufacturing, processing, support industries which relate directly to manufacturing or processing, plus selected service industries in small rural communities. Businesses must have anticipated annual sales of less than \$1 million. The maximum loan is usually \$150,000. Assistance may include: (1) short, medium and long term loans; (2) loan guarantees; (3) minority equity positions.

Loans may be applied to any worthwhile business purpose, including working capital. Terms up to 20 years are available. Repayment will be tailored to suit the business's needs and abilities. IEL's interest rate is currently 10-3/4 per cent and during the 1975 calendar year, the average small business loan was about \$59,000.

5.4 Metropolitan Area Growth Investments Ltd. - MAGI is designed to provide minority equity investment to worthwhile projects in under-utilized sectors. Projects must be centered in the Halifax-Dartmouth area. It is a distinct corporate entity distinguished from other investment houses only by the fact that it is owned and funded by the Government of Nova Scotia and the Government of Canada.

All companies which MAGI invests in will involve common share equity participation and membership on the Board of Directors. MAGI recognizes the principle of a return of full ownership to the majority shareholder. While MAGI's prerequisite is taking a common share position in any project, it has the ability to protect this investment by exercising certain options. These include taking preferred shares or debentures, leasing assets needed by a client company, and lending money on terms commensurate with risk. MAGI's equity capital is \$20,000,000.

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NOVA SCOTIA							
DEPARTMENT OF DEVELOPMENT							
Rural Industry Program	Land Buildings Equipment Research & Training	C C C C	<u>Cost Sharing</u> - up to 50% of fixed capital costs. Up to 100% of research and special training.	<u>Maximum Grant</u> - \$10,000 Projects must be ineligible for other grant programs.		<u>Size</u> - Maximum capital cost of project not to exceed \$25,000 unless no other program applies. <u>Sectors</u> - Primary Resources, Manufacturing, Processing, Selected Services. <u>Ownership</u> - Nova Scotia <u>Location</u> - All Nova Scotia, except Halifax-Dartmouth region.	<u>Total Budget</u> - \$300,000 (1976/77 fiscal year) <u>Average Grant</u> - \$5,800 <u>Largest Loan</u> - \$10,000
NOVA SCOTIA RESOURCES DEVELOPMENT BOARD							
(A) Industrial Loan Program	Land Buildings Equipment	A A A	<u>Repayment Period</u> - 15 years (maximum)	<u>Interest Rate</u> - 10½%		<u>Size</u> - No restriction <u>Sector</u> - Industrial <u>Ownership</u> - Nova Scotia <u>Location</u> - Rural Nova Scotia excludes Halifax-Dartmouth region.	<u>Loans Authorized in 1975/76</u> \$3,313,000 <u>Average Loan in 1975/76</u> \$195,000 <u>Loans Outstanding - March 31/76</u> \$47,687,000
(B) Tourism Industry Loan Program	Land Buildings Equipment	A A A	<u>Repayment Period</u> - 20 years (maximum)	<u>Interest Rate</u> - 10½%		<u>Size</u> - No restriction <u>Sector</u> - Tourism <u>Ownership</u> - Nova Scotia <u>Location</u> - Rural Nova Scotia excludes Halifax-Dartmouth region.	<u>Loans Authorized in 1975/76</u> \$1,956,000 <u>Average Loan in 1975/76</u> \$122,000 <u>Loans Outstanding - March 31/76</u> \$14,230,000

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NOVA SCOTIA							
DEPARTMENT OF DEVELOPMENT (cont'd)							
NOVA SCOTIA RESOURCES DEVELOPMENT BOARD (cont'd)							
(C) Fisheries Loan Program	Boats Boat Equipment	A A	Repayment Period - 15 years (maximum)		Interest Rate - 6½ - 7½%	Size - No restrictions Sector - Fisheries Ownership - Nova Scotia Location - Anywhere in Nova Scotia	Loans Authorized in 1975/76 \$1,533,000 Average Loan in 1975/76 \$14,300 Loans Outstanding - March 31/76 \$9,660,000
DEPARTMENT OF AGRICULTURE							
(A) Farm Loan Program	Land Buildings Equipment Livestock	A A A A	Repayment Period - 30 years (maximum)		Interest Rates: Young Farmers (loans up to \$50,000) 6% Young Farmers (portion over \$50,000, up to \$125,000) 7% Commercial Farmers (any size loan up to \$125,000) 7% Part-Time Farmers (any size loan up to \$20,000) 8½% Security - For land and building, hold deed until loan is repaid. For equipment and livestock, hold chattel mortgage.	Size - No restrictions Sector - Agriculture Ownership - Nova Scotia Location - Rural Nova Scotia	Loans Authorized in 1975/76 \$8,465,000 Average Loan in 1975/76 \$28,000 Loans Outstanding - March 31/76 \$39,000,000 Largest Loan in 1975/76 \$340,000 Reserve for Losses 1% of Outstanding Accounts. Loans over \$125,000 require special Order-in-Council approval.

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NOVA SCOTIA							
DEPARTMENT OF AGRICULTURE (cont'd)							
(B) Timber Loan Program	Land	A	Repayment Period - 20 years (maximum)	Interest Rate - 7%	Security - First mortgage on timberlands until loan is repaid Maximum - \$10,000.	Size - No restriction Sector - Forestry Ownership - Nova Scotia Location - Rural Nova Scotia. Loans are only available to owners of forest product mills (excluding pulpmills) who wish to purchase land within 30 miles of their mills.	Loans Authorized in 1975/76 \$213,000 Average Loan in 1975/76 \$42,600 Loans Outstanding - March 31/76 \$579,000 Largest Loan in 1975/76 \$80,000 Reserve for Loss 1 per cent of Outstanding Accounts

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NOVA SCOTIA							
	<u>INDUSTRIAL ESTATES LIMITED</u>						
(A) General Development Program	Land Buildings	A	Coverage - Loans up to 100% of cost, repayable in 20 years, schedule negotiable.		Interest Rate - 11% Maximum Loan - No limit Security - First charge on assets, debentures. Deferrals - Negotiable	Size - Firms must have anticipated sales greater than \$1 million annually. Usually loans are for more than \$150,000 Sector - Secondary industry Ownership - Any Location - Anywhere in Nova Scotia	General Loans Authorized in 1975 - \$22,000,000 Largest General Loan Authorized in 1975 - \$15,200,000 Number of General Loans Authorized in 1975 6 General Loans Outstanding in 1975 - \$101,000,000
	Equipment	A	Coverage - Loans up to 60% of installed cost, repayable in 10 years, schedule negotiable				
	Buildings	E	Tax concessions with many municipalities limit municipal taxes to a fixed percentage for initial several years of operation.				
(B) Small Business Financing Program	Land Buildings	A	Coverage - Loans up to 100% of cost, repayable up to 20 years, schedule flexible.		Interest Rate - 10 3/4% Maximum Loan - \$150,000 in most circumstances	Size - Firms must have anticipated sales less than \$1 million annually. Loans are usually for less than \$150,000 Sectors - Secondary industry throughout Nova Scotia, Selected service industries in small rural communities.	Small Business Loans Authorized in 1975 - \$1,000,000 Largest Small Business Loan Authorized in 1975 - \$150,000 Number of Small Business Loans Authorized in 1975 - 17 Small Business Loans Outstanding - Mar. 31/76 - \$2,000,000 Operating Budget for 1975 - \$950,000 Reserve for Losses - \$3,000,000
	Equipment	A	Coverage - Loans up to 60% of installed cost, repayment tailored to needs and abilities				
	Working Capital (includes restructuring)*	A	Coverage - Amount of loan and repayment based on merit of individual project				

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NOVA SCOTIA							
INDUSTRIAL ESTATES LIMITED (cont'd)							
(B) Small Business Financing Program (cont'd)	Land Buildings Equipment	D			Maximum Equity Position - minority positions only, original owners are given first preference on divestiture		Client advisory service available without charge. Consulting available on cost-share basis
	Land Buildings Equipment Working Capital	B	Service Fee 1%				*Restructuring is confined to refinancing of IEL loans.
	Buildings	E	Tax concessions with many municipalities limit municipal taxes to a fixed percentage for initial several years of operation.				

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PROVINCIAL INDUSTRIAL
SUPPORT PROGRAMS

PROGRAMMES PROVINCIAUX
D'AIDE A L'INDUSTRIE

• CODES

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Province	Purpose - But	Form Genre	SCOPE - PORTÉE	ASSISTANCE - AIDE TERMS - CONDITIONS	ELIGIBILITY CRITERIA CRITÈRES D'ADMISSIBILITÉ	OTHER INFORMATION AUTRES RENSEIGNEMENTS
NOVA SCOTIA						
METROPOLITAN AREA GROWTH INVESTMENTS LIMITED	LAND BUILDINGS EQUIPMENT WORKING CAPITAL INVENTORIES	D D D D	Minority common share investments by MAGI in all projects. Additional assistance can include preferred shares, debentures, loans on terms commensurate with risk.	Maximum Equity Position - no limit Preferred Equity Position - 25% - 49% Buy Back Arrangement - Majority shareholders can buy back the equity held by MAGI through pre-determined arrangements.	Size - no restriction Sector - no restriction Ownership - any Location - Halifax - Dartmouth area	Equity Capital - \$20,000,000 MAGI is an incorporated company in Nova Scotia. The owners are the Govt. of Nova Scotia and Canada. MAGI requires membership on the Board of Directors of any company in which it invests for the duration of investment and in proportion to its share of ownership. Assistance beyond equity used only to protect MAGI's investment.

PRINCE EDWARD ISLAND

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 To expand and improve the provincial economy through profitable enterprise engaged in manufacturing, processing and services.

1.2 To increase processing of raw primary production materials as well as further development of profitable enterprises that are not directly linked to primary production but which utilize provincial resources of manpower, management and capital.

1.3 To maximize increasing service opportunities in order to provide essential services to enterprises engaged in primary production, processing, and manufacturing.

1.4 To provide adequate and efficient transportation, communication and similar essential services.

2. GENERAL POLICIES

2.1 Full economic exploitation of the Island's agricultural base.

2.2 Controlled development of recreation and forest assets.

2.3 Education and training to ensure full development of the labour force.

2.4 Land use policies.

2.5 Construction of infrastructure to support development - roads, water supply, power, housing, etc.

3. SECTORAL STRATEGIES

3.1 In agriculture - to foster conditions in which farm production and productivity are increased while marketing systems are improved and market opportunities expanded.

3.2 In fisheries - to increase exploitation of species other than lobster is actively encouraged.

3.3 In forestry - to increase yields by encouraging more efficient management of woodlots and greater use of improved varieties of seed.

3.4 In tourism - to extend the season; to increase average tourist spending; to preventing unsightly development; and to foster conditions conducive to a more even distribution of tourists throughout the Province.

4. SECTORAL THRUSTS

4.1 Primary Sector

4.1.1 Agriculture - opportunities will be identified and promoted through integrated packages of financial assistance, technical guidance and support services. Marketing problems will be overcome through provincial and federal stabilization schemes, increased local processing, better storage facilities and distribution systems, and more effective marketing mechanisms.

4.1.2 Fisheries - development of aquaculture and the improvement in the quality of fishery products. Fish processing industries are encouraged to expand their activities and to produce a wider range of products.

4.1.3 Forestry - land acquisition and reforestation programs are expanded.

4.2 Tertiary Sector

4.2.1 Tourism - improve facilities and marketing.

4.3 Manufacturing Sector

4.3.1 - Provision of specialized types of infrastructure, such as serviced industrial sites; expansion of market research, technical and advisory services to assist firms in identifying new opportunities and improving their competitiveness; supporting service industries; continue to provide a wide range of incentives to promising industries wishing to establish or expand their activities on the Island.

5. INDUSTRIAL POLICY INSTRUMENTS

(a) Industrial Enterprises Incorporated; (b) P.E.I. Lending Authority; (c) Provincial Land Development Corporation; (d) Provincial Forest Development Agency; (e) Market Development Centre; (f) Industrial Assistance Program; (g) Service Industry Assistance Program; (h) Handcraft Development Program; (i) Department of Industry and Commerce - consulting and advisory services; (j) Management Training Program.

6. INDUSTRIAL DEVELOPMENT PROGRAMS

The Province has a variety of programs offering financial support for industry. The major agency is Industrial Enterprises Incorporated which provides loans to manufacturers and processors. The Prince Edward Island Lending Authority provide long-term capital loans and short-term operating credit to farmers, fishermen and tourist operations. In addition to these, there are small, special purpose programs for small manufacturing and service industry businesses. The Department of Industry and Commerce provides consulting and advisory services to companies in P.E.I.

6.1 Industrial Enterprises Incorporated (I.E.I.)

I.E.I. provide industrial development funding to manufacturers and processors for land, buildings and capital equipment. It is not the policy, but within the power, of I.E.I. to lend funds for working capital purposes. I.E.I. will also arrange for the construction of factory buildings for sale or lease to industry. The interest rate on loans is the I.E.I. borrowing rate plus 1%. Repayment terms are tailored to fit the situation of the borrower.

The largest loan to date was in excess of \$1 million, the

average ranging from \$100,000 to \$200,000. The annual budget (both operating and capital funds) is \$5 million.

6.2 Prince Edward Island Lending Authority

The Lending Authority provide long-term capital loans and short-term operating credit to farmers, fishermen and tourist operators for working capital, equipment and expansions. There is no stated maximum loan. The interest rate on capital loans is equal to the cost of money to the Lending Authority. The interest rate for short-term operating credit loans is pegged to the prime rate of chartered banks.

The largest loan to date was \$500,000 and the average is \$25,000 to \$30,000.



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PRINCE EDWARD ISLAND Industrial Enterprises Inc. (I.E.I.)	Buildings	A	Repayment Terms to suit situation		Interest Rate I.E.I. Borrowing rate plus 1%	Size No restriction Sectors Manufacturing, processing (incl. curing, processing and packing of fish) Ownership Any Location Anywhere in P.E.I.	Total Funding \$5 Million/year Average Loan \$100,000 to \$200,000 range Largest Loan \$1 Million Percent of loans to date resulting in bad debts 10% (i.e. 5 loans of 50).
	Land	A	Maximum Term 20 years		Maximum Loan None stated		
	Equipment	A			Security Mortgages, corporate or personal guarantee, life insurance		
	Land, Buildings (Industrial Parks)	F			Deferrals None		
Prince Edward Island Lending Authority	Working Capital	A	Repayment At end of peak season		Interest Rate See scope of assistance	Size No restriction Sectors - farmers - fishermen - tourist operations Ownership Any Location P.E.I.	Total Funding - capital fund \$2 Million roll-over - operating credit - \$5 Million fund Average Loan \$25,000 to \$30,000 Largest Loan \$500,000 Bad Debts Capital loans less than 1%, working capital loans 7-8%
	Equipment	A	Repayment 20 years		Maximum Loan None stated		
	Expansion	A	Interest Rate Equal to the cost of money to the authority		Security A) Operating credit loans - performance B) Capital loans - mortgages		

NEWFOUNDLAND

1. INDUSTRIAL DEVELOPMENT OBJECTIVES

1.1 To encourage a level of economic growth which will: maximize employment opportunities; increase the revenue generating capacity of the Province and thereby enable it to attain a greater degree of financial independence and become a stronger link in Confederation and, to provide a level of income and standard of living which will enable Newfoundlanders to take full advantage of their heritage.

1.2 To encourage a balanced pattern of development through the vigorous pursuit and fulfilment of rural development opportunities.

1.3 To encourage a quality of economic growth which will not endanger the natural environment.

1.4 To initiate measures which will minimize the impact of social and economic structural changes which may be necessary in order to achieve economic growth objectives.

2. GENERAL POLICIES

2.1 To substantially improve the utilization of the traditional resources of the Province and to realize maximum benefit from these resources by: removing long standing impediments to the efficient utilization of these resources; introducing measures which ensure proper Government control and management of these resources, and implementing a realistic taxation relationship with private industry.

2.2 Developing potentials arising out of the geographic location of Newfoundland in the North Atlantic.

2.3 Maximizing business activities in the Province by increasing the capability of local companies to participate on a viable basis in supplying goods and services.

2.4 Ensuring that the Newfoundland labour force has the capability to benefit from and contribute fully to the industrial development of the Province.

2.5 Increasing the ability of both public and private sectors in the Province to identify and realize opportunities.

2.6 Creating a climate, both economic and social, which encourages and facilitates the development of new industry and the expansion of existing industry.

2.7 Reducing the vulnerability of the Newfoundland labour force to seasonal fluctuations in employment and income.

3. SECTOR THRUSTS

3.1 Primary Sector

3.1.1 Fishery Products - encouraging further processing; new product development; exploiting new species; better servicing of fishing boats.

3.1.2 Agriculture - encouraging products that can economically be produced in Newfoundland.

3.1.3 Resource Industries - developing resource-base; developing lower Churchill power; increasing exploration activity (off-shore petroleum, minerals, etc.).

3.1.4 Forestry - better management of the forest resource; rationalization of sawmilling industry.

3.2 Manufacturing Sector

3.2.1 Food & Food Processing - further processing of fish and agricultural products (e.g. wild berries).

3.2.2 Ocean Science & Technology - developing marine industry base related to fishery, oil and gas and ocean engineering.

3.3 Tertiary Sector

3.3.1 Tourism - improving the impact of tourism on the provincial economy through improved facilities and establishing a better relationship between resource and marketing activities.

3.3.2 Transportation - taking advantage of ice-free ports as trans-shipment centres for bulk goods; improving shipbuilding and repair facilities.

4. INDUSTRIAL POLICY INSTRUMENTS

(a) Newfoundland and Labrador Development Corporation (joint federal-provincial); (b) Department of Industrial Development - consulting and advisory service, direct investments; (c) Mining Tax Act - royalties; (d) Farm Development Loan Board; (e) Fisheries Loan Board; (f) Newfoundland Department of Rural Development - Rural Development Authority; (g) Direct investments (via Cabinet approval of individual projects).

5. INDUSTRIAL SUPPORT PROGRAMS

The major vehicles for systematic assistance are the Newfoundland and Labrador Development Corporation and the Rural Development Authority.

Newfoundland and Labrador Development Corporation is a federal-provincial agency created in order to provide business with financial assistance and various management advisory services. The Rural Development Authority is an agency of the provincial Department of Rural Development which provides financial assistance to industry in rural parts of the Province. In addition, the Department of Industrial Development works on more or less an ad hoc basis. Proposals requiring funds not otherwise available go to Cabinet for approval. In addition the Department provides research and management advice for industry.

5.1 Newfoundland and Labrador Development Corporation (NLDC)

NLDC commenced operations in January 1973. It provides small

and medium size business with industrial intelligence, management advisory services, project information, loan financing for the establishment, expansion or modernization of operations, equity financing, and related services. Term loans are available on the following conditions: (a) No loan can exceed three times the equity available for investment in the proposed project; (b) the maximum repayment period is ten years at interest rates comparable to commercial financial institutions; (c) NLDC does not finance any projects where estimated costs (excluding working capital) exceed \$1 million.

Equity financing is available, but NLDC does not take majority positions. This form of assistance is considered where projects seem to offer particularly important benefits to the development of Newfoundland such as intensive use of local materials, creation of many jobs, advanced technology, etc.

5.2 Department of Industrial Development

The Department works on an ad hoc basis, with all proposals going to Cabinet for approval. In addition to financial assistance the Department provides research and management training to industry.

5.3 Farm Development Loan Board

The Farm Development Loan Board provides term loans of up to \$20,000 for buildings and/or equipment. Loans are secured by land and buildings, but equipment is adequate security in some cases. Loans are available at an interest rate of 5% with a repayment term of 2 to 5 years.

5.4 Fisheries Loan Board

Loans are available to bona fide fishermen for boats and equipment at favourable terms.

5.5 Rural Development Authority

The Rural Development Authority makes interest-free loans of up to \$10,000 to small manufacturing, processing and craft industries in rural areas.



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NEWFOUNDLAND NEWFOUNDLAND & Labrador Develop- ment Corporation	Expansion/ Modernization	A	<u>Repayment</u> Maximum of 10 years where NLDC provides equity	<u>Interest Rate</u> Rate from private sources <u>Maximum Loan</u> Three times equity invested in project with a maximum excluding working capital of \$1 Million <u>Security</u> Charges on fixed assets		<u>Other Services</u> 1) Industrial intelligence 2) MGT advisory services 3) Project information NLDC is a federal/provincial agency established in 1973
	Expansion/ Modernization	D			- Intensive use of local materials or advanced technology - Cannot raise capital else- where on reasonable terms	

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