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Industry, Trade and Commerce / Industrie et Commerce  
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## Industrial and Regional Development Program



Government  
of Canada

Gouvernement  
du Canada

Regional Industrial  
Expansion

Expansion industrielle  
régionale

Edward C. Lumley  
Minister

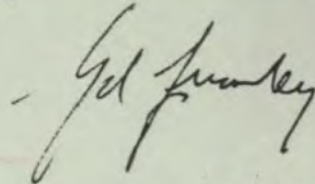
Canada

January 10, 1984

*The new Industrial and Regional Development Program was designed with very specific objectives. We set out to create a program whose spirit was one of encouragement and reinforcement of initiatives originating directly from individual businesses. Moreover, the new program had to be comprehensive, flexible and locally accessible.*

*After extensive consultation, I believe we have succeeded in creating such a program. The IRDP, which replaces a substantial number of smaller programs, is available nationally but delivered locally. Assistance can be provided in all phases of the business cycle - from product innovation to firm restructuring demanded by changing competitive conditions. Account is taken of regional economic conditions with increased support available where most needed. The IRDP is incremental in that it provides support only to ensure that a viable project proceeds. Application is straightforward and the program is delivered by local officers sensitive to their business community.*

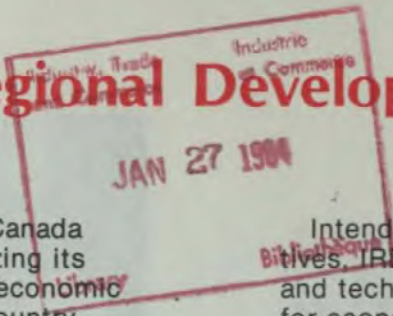
*Through this program, I believe the goal of increasing business activity in every part of Canada, and reducing economic disparity in the process, will be achieved.*

A handwritten signature in dark ink, appearing to read "Ged Finlay". The signature is written in a cursive, flowing style with a long, sweeping underline that extends to the left.

Minister



# Industrial and Regional Development Program



Through the 1980s and beyond, Canada faces the double challenge of realizing its industrial potential while fostering economic development in all regions of the country. Stimulating the investment needed to increase productivity and ensure the competitiveness of Canadian industry is a critical requirement to achieve employment and income growth.

The federal Department of Regional Industrial Expansion (DRIE) has the specific mandate to:

- stimulate national economic growth;
- reduce regional disparities through leverage of investment;
- promote industrial development and trade; and
- enhance the competitiveness of Canadian industry in world markets.

Joining the Departments of Industry, Trade and Commerce (ITC) and Regional Economic Expansion (REE) allowed for an extensive review of the financial assistance programs that were previously managed separately. Of major importance has been the creation of the Industrial and Regional Development Program (IRDP) which takes the best features of several former ITC and REE programs, adds a number of new elements and has greater flexibility. Although it is a national program, it is especially sensitive to the more economically disadvantaged regions of Canada.

This key instrument, the IRDP, is the government's principal means to deliver direct federal assistance to industry.

Manufacturers, processors, certain tourism operators in all of Canada are eligible. Four tiers of assistance are offered on a progressively increasing basis with the greatest support available in the most economically disadvantaged areas of the country.

IRDP has a streamlined delivery mechanism and has decentralized decision-making in the case of smaller projects. This will increase the availability and usefulness of the program for small and medium-sized businesses. The elements of the program can be applied to reflect local opportunities in each region.

Intended to support private sector initiatives, IRDP is aimed at projects, industries and technologies with the greatest potential for economic return, sustained growth and international competitiveness.

IRDP responds particularly to the needs of small and medium-sized businesses and complements other federal programs and the Federal Business Development Bank. IRDP features of particular interest to such firms include:

- A simpler, more flexible program structure;
- Regionalized decision-making and program delivery for many projects;
- Eligibility for assistance by unincorporated entities;
- Broader support for consultants' studies and venture capital searches;
- Access, for small businesses, to innovation assistance for projects involving new products but not substantial risk;
- Support for marketing initiatives;
- For certain non-profit organizations, assistance to support manufacturing and processing operations, and certain tourism operations.





## The Program Elements

Many worthwhile projects fail because assistance is not available at a specific stage in their growth. IRDP addresses this problem by providing a range of financial support including grants, contributions, repayable contributions, participation loans and loan guarantees over all the phases of a typical corporate production cycle. The elements of the program are:

- industrial development climate
- innovation
- establishment
- modernization/expansion
- marketing
- restructuring.

Since the assistance required depends on the nature of the project and the need for support, the program flexibility will enable this assistance to be tailored to the particular circumstances of the applicant.



## Regional Designation

While the program is a national one, and support is available for all areas, not all areas of Canada enjoy the same economic prosperity. Accordingly, to further encourage and stimulate industrial activity in the more economically disadvantaged areas and to reduce the disparity between regions, enriched support is available to those more disadvantaged regions. Targeting support is achieved through the use of a "development index", based on a formula using Canadian government statistical data. Using 260 of Canada's census divisions — the smallest definable area for which national data are available — the level of unemployment, the level of personal income, and the provincial fiscal capacity were combined to allow for the first time a truly objective and equitable statistical method of determining which regions of Canada are most in need of support. There are four tiers of assistance.

Tier I represents a basic national level support. Tiers II, III and IV provide progressively more assistance. The level of support indicated as available is the maximum and may not be the actual amount offered. To find out in which tier you are located, please contact your nearest Regional Office.

To address possible short-term economic downturns in a Tier I region, the program provides for one year of Tier II assistance for the establishment element when the unemployment insurance beneficiaries-to-population ratio exceeds, by one percentage point, the national average for any consecutive six-month period.

The development index will be reviewed annually, but transitional arrangements will be provided for approved projects and applications in an advanced planning stage.



## General Program Criteria

### Project Eligibility

Costs will not be eligible if a legal commitment has been made in their regard previous to the date upon which the department receives the application.

### Incrementality

No project may be supported unless it would not proceed, insofar as location, scope or timing are concerned, unless support is provided.

### Commercial and Economic Viability

The project and persons undertaking the project must be considered to be economically and commercially viable within reasonable bounds of risk.

### Significant Economic Benefits to Canada

The project and exploitation of the results of the project must represent significant net economic or social benefit to Canada within reasonable bounds of risk.

### Eligible Applicants

Individuals, associations, partnerships, co-operatives, bodies corporate, and non-profit organizations are eligible provided the project or activity is undertaken in Canada. Assistance available will depend on the type of project or activity.

### Amount and Conditions of Program Support

Eligible projects will not necessarily be supported at the maximum levels. The minimum amount of financial support required for the project to proceed and for economic benefits to be maximized will be provided.

### Targeting Program Support

Priorities will be set after consultations with the private sector and other interested persons. Project proposals will be ranked according to the priorities and the economic benefits of the project. Regional development considerations will be of paramount importance.

## Eligible Assets

Capital assets acquired prior to the date on which an application is received in the department will not be considered when calculating eligible costs under the program.

## The Decision-making Process

Eligibility for support does not mean an automatic right to assistance. Projects are selected according to government priorities to ensure that government support, if given, will have the greatest possible impact and will yield the maximum return.

Each eligible project is assessed in relation to other projects and its priority is determined by the benefits and regional impact expected to result.

Authority to approve most projects has been delegated to the regional offices of DRIE, thereby reducing the time required to reach a decision.



# **Industrial and Regional Development Program**

## **ELEMENTS, ELIGIBILITY AND ASSISTANCE**

The following tables contain information on the various elements of the IRDP, the projects eligible under each element and the maximum level of assistance available for each project under all four tiers of assistance.

Please note that these descriptions are a summary of more detailed regulations. For more complete information, please contact the nearest Regional Office of DRIE listed on page 11 of this brochure. They will also provide you with the brief two-page application form.

**Element: Industrial Development Climate**

To foster a supportive environment for investment, industrial development and innovation by assisting in the establishment of centres of specialized knowledge which will have significant and direct benefit to regional industrial development, and by supporting industrial development infrastructure in areas of economic disparity.

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) Assistance may be made available to economic, business or technological institutes, municipal corporations, etc., for studies scholarships and development of courses relating to industrial development, and for specialized services and information dissemination which benefits industrial development.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE
b) Assistance may be available for the establishment of non-profit centres or institutions that are expected to become financially self-supporting if the centre or institution carries on or supports work related to industrial development.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE
c) Infrastructure directly related to regional industrial development may be supported on a shared-cost basis with provinces or municipalities.	NOT ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE

Element: **Innovation**

To encourage the development of new products, new processes and to increase industrial productivity and international competitiveness through support of research and development projects which show promise of economic success or strategic importance to a region and which would not be undertaken without support.

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) <i>Studies</i> — Assistance may be made available toward the cost of hiring qualified consultants for studies on project feasibility, technology transfer, market research and venture capital search associated with prospective innovation projects.	50%	60%	75%	75%
b) <i>Developing New Products or Processes</i> — Assistance may be provided for projects to develop or demonstrate new or improved products or processes including pollution control. These must be scientifically feasible, entail significant technical risk and represent attractive prospects for commercial exploitation.	50%	60%	75%	75%
c) <i>Developing Technological Capability</i> — Projects for the improvement or expansion of technological capability which do not lead directly to identifiable sales may be supported if the technological capability is of strategic importance to the firm and the regional industrial development priorities of the government.	50%	60%	75%	75%
d) <i>Development and Demonstration</i> — Projects to develop or demonstrate new products or processes, but which <i>do not</i> entail significant technological risk may be supported in a way similar to those in section b) above. However, this assistance will be repayable upon successful commercial exploitation of the resulting product or process.	50%	60%	75%	75%
e) <i>Design</i> — Assistance may be made available for the design of a new, durable product, capable of being mass produced, that offers good prospects for commercial exploitation.	50%	60%	75%	75%



Element: Establishment

To assist in the establishment of new production facilities in those regions which have a relatively higher economic disparity.

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) <i>Studies</i> — Funding may be provided toward the cost of hiring qualified consultants for studies of project feasibility, market research or venture capital search associated with a prospective establishment project.	50%	60%	75%	75%
b) <i>Plant Establishment</i> — Funding may be made available for the establishment of new facilities for manufacturing or processing, tourism or selected service industry operations.	NIL	35%	50%	60%
*Special Tier I — if the unemployment insurance beneficiaries-to-population ratio for a Tier I region exceeds the national average by one percentage point for any consecutive six-month period, that region will be eligible for Tier II assistance for establishment for one year. Applications will be accepted for one year following designation of an area as Special Tier I.	Special Tier I* 35%			

The minimum approved capital costs to be eligible for assistance under b) above have been established as:

Tier Group	Establishment
I	N/A
I Special	\$50 000
II	50 000
III	25 000
IV	5 000

Element: Modernization/Expansion

To increase industrial productivity through the improvement, modernization and expansion of existing manufacturing operations.

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) <i>Studies</i> — Assistance may be provided toward the cost of hiring qualified consultants for project feasibility and other studies, market research and venture capital search for projects associated with modernization, productivity improvement or expansion.	50%	60%	75%	75%
b) <i>Modernization</i> — Assistance may be made available for the acquisition of new, advanced machinery and equipment which modernize or significantly enhance the productivity of existing activities in manufacturing and processing, tourism, and selected service operations.	25%	35%	50%	50%
c) <i>Expansion</i> — Assistance with the expansion of existing manufacturing or processing, tourism and selected service facilities.	25%	35%	50%	50%
d) Funding may be provided to manufacturers and processors for the first installation of micro-electronic devices in their products and operations, for the design of custom microelectronic devices, and for incorporation or application of electronic dependent products or systems in products, processes, production methods or facilities.	50%	60%	75%	75%

The minimum approved capital costs to be eligible for assistance under b) and c) above have been established as:

Tier Group	Modernization/ Expansion
I	\$100 000
II	50 000
III	25 000
IV	5 000



Element: **Marketing**

To facilitate the identification, development and exploitation of new domestic and international market opportunities, and to enhance competitiveness within existing markets.

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) Assistance may be made available to persons arranging for the first time a special event of a continuing nature likely to attract tourists, and for organizing conferences likely to attract a substantial number of international delegates.	50%	60%	75%	75%
b) Assistance may be available to economic, business or technological centres and similar non-profit organizations for activities promoting the acceptance of Canadian standards and product specifications, for market research and analysis, trade shows or other events or for the publication and dissemination of catalogues to promote Canadian products if the purpose is to increase the marketing of products or services of commercial operations.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE
c) <i>Studies</i> — Funding may be available toward the cost of hiring qualified consultants for feasibility studies for the above as well as toward the cost of market research and marketing strategy studies for a) above.	50%	60%	75%	75%
d) Assistance may be made available for arranging special events, conferences or major meetings where the purpose is to increase marketing of the products or services of tourism operations.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE
<i>Program for Export Market Development (PEMD)</i> — Although not part of IRDP, PEMD will be delivered by DRIE on behalf of the Department of External Affairs in support of DRIE's continuing responsibilities for trade promotion in Canada.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE

**Element: Restructuring**

To assist firms and industries to make investments which adjust to changing competitive conditions and produce new, more viable and competitive products and services.

**Maximum Level of Assistance**

Eligible Projects	Maximum Level of Assistance			
	Tier I	Tier II	Tier III	Tier IV
a) <i>Studies</i> — Assistance may be provided toward the cost of hiring consultants for studies of project feasibility, market research and venture capital search associated with prospective restructuring projects.	50%	60%	75%	75%
b) In exceptional circumstances, loan guarantees of up to 90 per cent may be provided through IRDP for projects greater than \$500 000. A loan guarantee fee will be levied.  However, projects involving loans for restructuring will normally be referred to the Federal Business Development Bank (FBDB), which can better serve such clientele through its direct lending activities.	ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE
c) Repayable contributions of up to 25 per cent may be provided for restructuring projects.	25%	25%	25%	25%
d) Participation loans not exceeding 15 years may be provided for restructuring projects.	NOT ELIGIBLE	ELIGIBLE	ELIGIBLE	ELIGIBLE



## WHERE TO APPLY

If you believe you have a project which might qualify for assistance under the Industrial and Regional Development Program, or if you wish further information, please contact your nearest DRIE regional office.

**Newfoundland**  
P.O. Box 8950  
Parsons Building  
90 O'Leary Avenue  
St. John's, Newfoundland  
A1B 3R9  
Tel: (709) 772-4884

**Local Offices:**  
Corner Brook  
Tel: (709) 634-8202  
Goose Bay, Labrador  
Tel: (709) 896-2741

**Prince Edward Island**  
P.O. Box 1115  
Confederation Court Mall  
134 Kent Street, Suite 400  
Charlottetown, Prince Edward Island  
C1A 7M8  
Tel: (902) 566-7400

**Local Office:**  
Summerside  
Tel: (902) 436-4846

**Nova Scotia**  
P.O. Box 940, Station M  
1496 Lower Water Street  
Halifax, Nova Scotia  
B3J 2V9  
Tel: (902) 426-7910

**Local Office:**  
Sydney  
Tel: (902) 539-1842

**New Brunswick**  
P.O. Box 1210  
Assumption Place  
770 Main Street  
Moncton, New Brunswick  
E1C 8P9  
Tel: (506) 388-6400

**Local Offices:**  
Bathurst  
Tel: (506) 548-8907  
Cocagne  
Tel: (506) 576-6672  
Fredericton  
Tel: (506) 452-3130

**Québec**  
C.P. 247  
Tour de la Bourse  
800, Place Victoria, Pièce 4328  
Montréal (Québec)  
H4Z 1E8  
Tel: (514) 283-8185

**Local Offices:**  
Alma  
Tel: (418) 668-3084  
Drummondville  
Tel: (819) 478-3333  
Québec  
Tel: (418) 694-4826  
Rimouski  
Tel: (418) 722-3282  
Sherbrooke  
Tel: (819) 565-4713  
Trois-Rivières  
Tel: (819) 374-5544  
Val-d'Or  
Tel: (819) 825-5260

**Ontario**  
P.O. Box 98  
1 First Canadian Place, Suite 4840  
Toronto, Ontario  
M5X 1B1  
Tel: (416) 365-3737

**Local Offices:**  
London  
Tel: (519) 679-5820  
Sudbury  
Tel: (705) 365-0711  
Thunder Bay  
Tel: (807) 345-1011

**Manitoba**  
P.O. Box 981  
400-3 Lakeview Square  
185 Carlton Street  
Winnipeg, Manitoba  
R3C 2V2  
Tel: (204) 949-4090

**Local Office:**  
Thompson  
Tel: (204) 778-4486

**Saskatchewan**  
814 Bessborough Tower  
601 Spadina Crescent East  
8th Floor  
Saskatoon, Saskatchewan  
S7K 3G8  
Tel: (306) 665-4400

**Local Offices:**  
Regina  
Tel: (306) 359-6108  
Prince Albert  
Tel: (306) 763-7169

**Alberta**  
Cornerpoint Building  
10179 - 105th Street, Suite 505  
Edmonton, Alberta  
T5J 3S3  
Tel: (403) 420-2944

**Local Office:**  
Calgary  
Tel: (403) 231-4575

**British Columbia**  
P.O. Box 49178  
Bentall Tower 4  
1101-1055 Dunsmuir St.  
Vancouver, B.C.  
V7X 1K8  
Tel: (604) 666-1434

**Local Offices:**  
Victoria  
Tel: (604) 388-3144  
Prince George  
Tel: (604) 562-4451

**Northwest Territories**  
P.O. Box 6100  
Precambrian Building  
Yellowknife, Northwest Territories  
X1A 1C0  
Tel: (403) 873-6225

**Yukon**  
Suite 301  
108 Lambert Street  
Whitehorse, Yukon  
Y1A 1Z2  
Tel: (403) 668-4655

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