

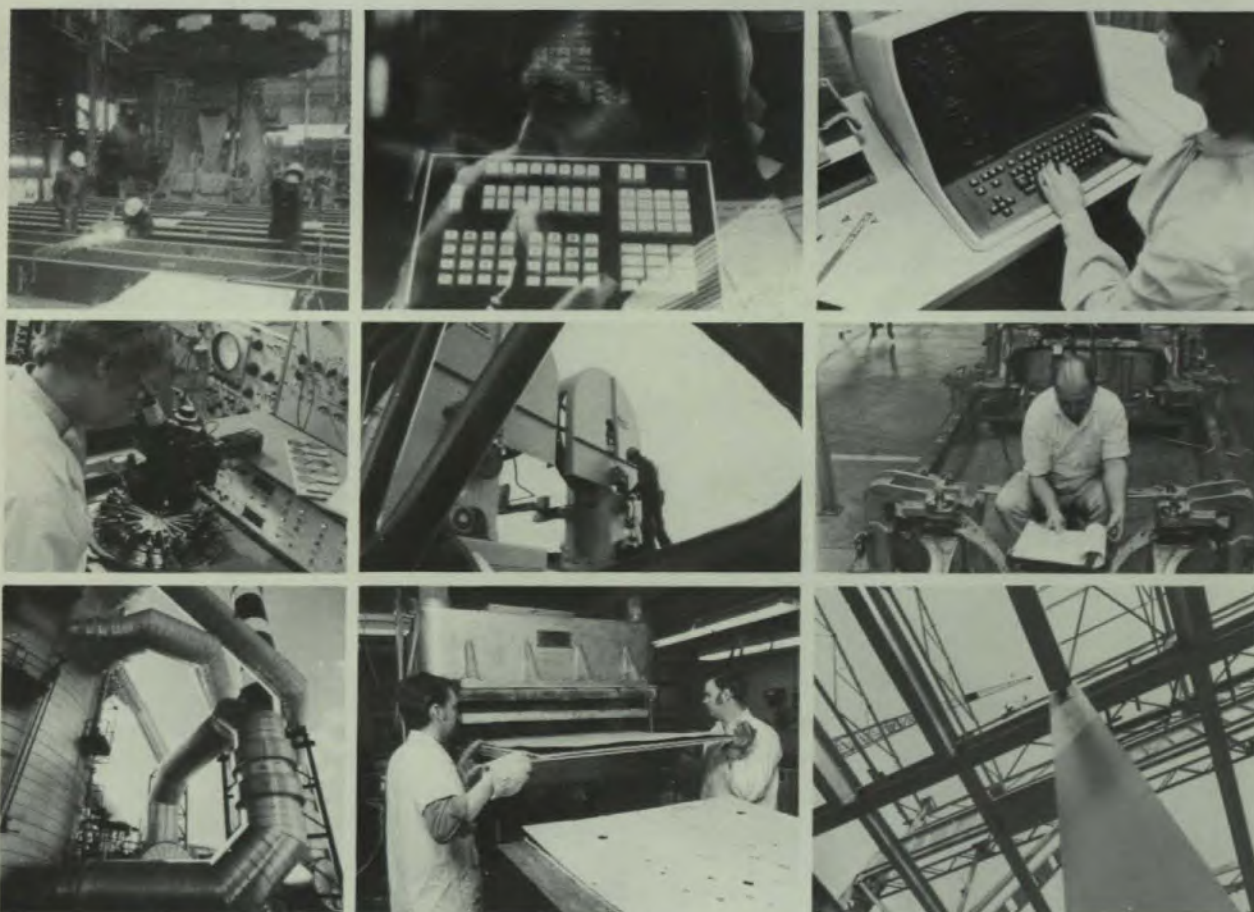
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Industrial and Regional Development Program

November 1985



Government
of Canada

Regional Industrial
Expansion

Gouvernement
du Canada

Expansion industrielle
régionale

Canada

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Industrial and Regional Development Program

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BIBLIOTHÈQUE
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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's (DRIE) objective is to **increase overall industrial, commercial and tourism activity** in all parts of Canada by building on regional strengths.

This objective is achieved by:

- working with **business and labour**, other **governments and the academic community**;
- shaping the framework set by **government policies**;
- providing **financial, marketing and other technical information to business**; and
- where necessary, extending direct **financial assistance**.

The Industrial and Regional Development Program (IRDP) is the government's principal means to deliver direct federal assistance to industry.

Manufacturers and processors 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.

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;
- Automatic maximum sharing ratios for smaller projects which meet program criteria;
- Eligibility for assistance by unincorporated entities;
- Broader support for consultants' studies and venture capital searches;
- Innovation assistance for projects involving new products but not substantial risk; and
- Support for marketing initiatives.



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 contributions and repayable contributions over various phases of a typical corporate production cycle. The elements of the program are:

- innovation
- establishment
- modernization/expansion
- marketing

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.

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

Tier I represents a basic national level support. Tier II, III and IV provide progressively more assistance. The level of support indicated as available is the maximum. Projects involving IRDP support of less than \$100 000 will be provided with the maximum level of support but larger projects will be subject to negotiation to determine the level of support which may be offered. To find out in which tier you are located and if your project is eligible, please contact your nearest Regional Office.

Special Tier I

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 and modernization/expansion elements when the unemployment insurance beneficiaries-to-working age population ratio exceeds, by one percentage point, the national average for any consecutive six-month period. Applications will be accepted for one year following designation of an area as Special Tier I. Special Tier I designations are reviewed once a month.

General Program Criteria

Project Eligibility

Eligibility is determined by the Industrial and Regional Development Act and Regulations. However, it should be noted that project costs for which a legal commitment has been made by the applicant prior to the date upon which the department receives the application will not be eligible.

Incrementality

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

Commercial Viability

The project and persons undertaking the project must be considered to be 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 economic benefit to Canada.

Eligible Applicants

Individuals, partnerships, co-operatives, corporations, etc., are eligible provided the project or activity is undertaken in Canada. Eligibility and assistance available will depend on the type of project or activity as well as on the location.

The Decision-making Process

Eligibility for support does not mean an automatic right to assistance. Projects are selected 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 senior officials in the Regional Offices of DRIE, thereby reducing the time required to reach a decision.

Small Business

Although the IRDP is a national and comprehensive program of support to industry, special emphasis in program delivery is placed on the needs of small business. Thus, for projects involving government support of less than \$100 000, the IRDP provides for automatic maximum sharing ratios as long as the projects meet the criteria of the program. For these projects more likely to be carried out by smaller businesses, the program also provides for a streamlined application and assessment process for cases involving less than \$100 000 in Crown support.



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 9 of this brochure. They will also provide you with a straightforward application form.

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 and Special 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. | 33.3% | 40% | 50% | 50% |
| 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. | 33.3% | 40% | 50% | 50% |
| 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. | 33.3% | 40% | 50% | 50% |
| 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. | 33.3% | 40% | 50% | 50% |
| 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. | 33.3% | 40% | 50% | 50% |

Element: Establishment

To assist in the establishment of new production facilities in less developed regions.

| Eligible Projects | Maximum Level of Assistance | | | | |
|--|-----------------------------|----------------|---------|----------|---------|
| | Tier I | Special 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. | N/A | 30% | 30% | 37.5% | 37.5% |
| b) <i>Plant Establishment</i> — Funding may be made available for the establishment of new facilities for manufacturing or processing. | N/A | 17.5% | 17.5% | 25% | 30% |

To be eligible for assistance under b) above, the minimum approved capital costs 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 and processing operations.

| Eligible Projects | Maximum Level of Assistance | | | | |
|--|-----------------------------|----------------|---------|----------|---------|
| | Tier I | Special 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. | N/A | 30% | 30% | 37.5% | 37.5% |
| 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. | N/A | 17.5% | 17.5% | 25% | 25% |
| c) <i>Expansion</i> — Assistance with the expansion of existing manufacturing or processing operations. | N/A | 17.5% | 17.5% | 25% | 25% |
| 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. | N/A | 30% | 30% | 37.5% | 37.5% |

To be eligible for assistance under b) and c) above, the minimum approved capital costs have been established as:

| Tier Group | Modernization/ Expansion |
|------------|-----------------------------|
| I | N/A |
| I Special | \$50 000 |
| 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 and Special Tier I | Tier II | Tier III | Tier IV |
| a) 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 and processing operations. | 45% | 45% | 45% | 45% |
| b) <i>Studies</i> — Funding may be available toward the cost of hiring qualified consultants for feasibility studies. | 25% | 30% | 37.5% | 37.5% |
| <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 |

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) 772-4908

Local Offices:

Corner Brook
Tel: (709) 637-4477
Happy Valley — 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

Nova Scotia

P.O. Box 940, Station M
1496 Lower Water Street
Halifax, Nova Scotia
B3J 2V9
Tel: (902) 426-2018

Local Office:

Sydney
Tel: (902) 564-7007

New Brunswick

P.O. Box 1210
Assumption Building
770 Main Street
Moncton, New Brunswick
E1C 8P9
Tel: (506) 857-6400

Local Offices:

Bathurst
Tel: (506) 548-8907
Fredericton
Tel: (506) 452-3130

Québec

C.P. 247
Tour de la Bourse
800, place Victoria, Pièce 3800
Montréal (Québec)
H4Z 1E8
Tel: (514) 283-8185/1-800-361-5367

Local Offices:

Alma
Tel: (418) 668-3084/1-800-463-9908
Drummondville
Tel: (819) 478-4664/1-800-567-1418
Québec
Tel: (418) 648-4826/1-800-463-5204
Rimouski
Tel: (418) 722-3282/1-800-252-9073
Sherbrooke
Tel: (819) 565-4713/1-800-567-6084
Trois-Rivières
Tel: (819) 374-5544/1-800-567-8637
Val-d'Or
Tel: (819) 825-5260/1-800-567-6451

Ontario

P.O. Box 98
1 First Canadian Place, Suite 4660
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M5X 1B1
Tel: (416) 365-3737

District Offices:

Southwestern (London)
Tel: (519) 679-5820
Northeastern (Sudbury)
Tel: (705) 675-0711
Northwestern (Thunder Bay)
Tel: (807) 623-4436
Eastern (Ottawa)
Tel: (613) 993-4963

Manitoba

P.O. Box 981
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Winnipeg, Manitoba
R3C 2V2
Tel: (204) 949-6182

Local Office:

Thompson
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Saskatchewan

105-21st Street East
6th floor
Saskatoon, Saskatchewan
S7K 0B3
Tel: (306) 975-4400

Local Offices:

Regina
Tel: (306) 780-6108
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Tel: (306) 764-6800

Alberta

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10179 - 105th Street, Suite 505
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T5J 3S3
Tel: (403) 420-2944

Local Office:

Calgary
Tel: (403) 292-4575

British Columbia

P.O. Box 49178
Bentall Tower 4
1101-1055 Dunsmuir St.
Vancouver, B.C.
V7X 1K8
Tel: (604) 666-0434

Local Offices:

Victoria
Tel: (604) 388-3181
Prince George
Tel: (604) 562-4451

Northwest Territories

P.O. Bag 6100
Precambrian Building
Yellowknife, Northwest Territories
X1A 1C0
Tel: (403) 920-8568

Yukon

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

