



Regional
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REPORT ON REGIONAL DEVELOPMENT INCENTIVES

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DEPARTMENT OF REGIONAL ECONOMIC EXPANSION

REPORT TO PARLIAMENT ON THE ADMINISTRATION OF DEVELOPMENT
INCENTIVES UNDER THE REGIONAL DEVELOPMENT INCENTIVES ACT
AND SECTION 10 OF THE DEPARTMENT OF REGIONAL ECONOMIC
EXPANSION ACT FOR THE MONTH OF DECEMBER, 1974

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INTRODUCTION

The Regional Development Incentives Act and the Department of Regional Economic Expansion Act make provision for incentives in support of the establishment, modernization or expansion of manufacturing and other types of facilities. The incentives, which may take the form of grants or loan guarantees, are made available as a means of increasing or maintaining employment opportunities in regions and areas designated by Governor-in-Council as those requiring special measures to facilitate economic expansion and social adjustment.

Copies of the statutes and regulations concerned, and of brochures explaining the administrative process by which incentive grants and loan guarantees are made, may be obtained from the Public Information Division of the Department of Regional Economic Expansion.

The purpose of this monthly report, which is available to the general public, is to provide Parliament with up-to-date information on the operation of the regional development incentives program. The report contains summary statistics on administrative actions taken from the inception of the program until the end of the month in question, together with listings of essential facts pertaining to each offer of incentive assistance accepted during that month.

Incentives to industry are available in broad regions and special areas designated by the federal government following consultation with the provincial governments.

The designated regions cover broad segments of the country. The special areas represent more localized focal points of potential development.

Under the regulations which apply in the main to applications received before April 1, 1974, the size of an incentive grant may be varied within statutory limits to meet the requirements of a particular project. Under the revised program which was introduced on that date, standard formulae are used to calculate the level of incentive which may be offered for most projects. For a new plant or the expansion of an existing plant into new product lines, the formula is based on approved capital costs and approved wages and salaries related to the jobs created. For a plant modernization or an expansion that does not involve a new product, only approved capital costs can be considered.

Large projects, depending upon their requirements and the benefits to the region, may be offered a wider range of incentives including some which are specifically or provisionally repayable.

The maximum level of grant available under both the pre-revised and the revised programs is 20 per cent of

approved capital costs for a modernization or expansion and 25 per cent of approved capital costs plus \$5,000 per eligible direct job created for a new plant or new product expansion.

In addition to the previously mentioned maxima, the Regional Development Incentives Act stipulates that grants shall not exceed \$30,000 per eligible direct job created or one-half of the capital to be employed in the project.

Industrial incentives available under the "Special Area" provision of the Department of Regional Economic Expansion Act are not subject to the same statutory maxima. However, as a matter of administrative practice, standards applicable under the Regional Development Incentives Act are normally applied where relevant.

Loan guarantees, which are intended to offset difficulties that investors sometimes encounter in obtaining loan funds for investment in slow-growth regions, may not exceed 90 per cent of the total advances by a lender, plus the interest involved, or 72 per cent of the total capital costs.

Although administrative practice differs somewhat depending on whether incentive assistance is provided under the Regional Development Incentives Act or the Department of Regional Economic Expansion Act, standard terminology is

used in this report. Under the Regional Development Incentives Act, for example, letters are used to offer incentive assistance. Under the Department of Regional Economic Expansion Act, proposed agreements are used for the same purpose. For the sake of simplicity, both actions are described in this report as "offers made". In the final section of the report, which is concerned with the definition of terms, attention is drawn to a number of other technical points of some significance.

In conclusion, it should be noted that applications for incentive assistance and support documentation contain a large amount of information that must be regarded as commercially confidential. It is for this reason that, as a matter of policy, the Department is unable to make public certain types of data. It is for the same reason that the Department does not reveal the fact that a particular application has been received unless and until it results in an accepted offer of incentive assistance. This policy is, of course, consistent with the aims and objectives of the program, which is designed to encourage investment in the designated regions and special areas of Canada.

PART I - SUMMARY STATISTICS

In this part of the report, there are two tables setting forth summary statistics on different aspects of the regional development incentives program.

Table 1, which relates to incentive grants, is concerned with the disposition of applications received, and the status of offers made as of the end of December, 1974.

Among other things, it shows:

- (1) that, during the month of December, 1974, 67 applications were received and 43 offers were made;
- (2) that, of the 10,065 applications received since the inception of the program, 5,583 were rejected or withdrawn, and 4,132 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3,016; and
- (4) that, against obligations represented by the net total of 3,016 accepted offers, partial payments had been made in 1,679 cases, and final payments had been made in 394 cases.

Estimates made at the time of offered incentives, and adjustments made as a result of subsequent changes in the projects concerned, produce the following totals pertaining to the current level of net accepted offers:

- ... eligible capital costs of \$2,298.1 million;
- ... expected direct new jobs numbering 117,712;
- and
- ... incentive grants of \$487.1 million.

Incentive grants actually paid to date total \$213.1 million.

Table 2, which relates to loan guarantees, is concerned with the disposition of applications received, and the status of offers made to the end of December, 1974.

TABLE 1
INCENTIVE GRANT APPLICATIONS
DISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - DECEMBER, 1974

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	67	983	10065
Applications Withdrawn	36	350	3225
Applications Rejected	14	191	2358
Offers Made	43	526	4132
<u>STATUS OF OFFERS MADE</u>			
Offers Made	43	526	4132
Offers Lapsed	2	23	207
Offers Declined	1	33	287
Offers Accepted	51	485	3579
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	51	485	3579
Accepted Offers Declined or Withdrawn	10	99	563
Net Offers Accepted	41	386	3016
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	41	386	3016
No Payment Made	-	-	943
Partial Payment Made	29	400	1679
Final Payment Made	12	113	394

TABLE 2
LOAN GUARANTEE APPLICATIONS
DISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - DECEMBER, 1974

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	1	12	273
Applications Withdrawn	-	5	136
Applications Rejected	-	1	77
Offers Made	3	7	49
<u>STATUS OF OFFERS MADE</u>			
Offers Made	3	7	49
Offers Lapsed	-	-	6
Offers Declined	-	-	2
Offers Accepted	-	5	37
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	-	5	37
Accepted Offers Declined or Withdrawn	-	3	10
Net Offers Accepted	-	2	27
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	-	2	27
Guarantees in Operation	-	2	18

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

Part II consists of Table 3 which provides a complete alphabetic listing for the month of December of:

- (1) offers accepted;
- (2) offers accepted and subsequently revised;
and
- (3) offers accepted and subsequently declined
or withdrawn.

The month and year of the most recent report for offers accepted and subsequently revised, declined or withdrawn are indicated in brackets under the company name. Only the revised data are shown.

Abbreviations have been used to describe the details of "type of project". Although full descriptions are provided in Part IV of this report, the abbreviations used are:

- | | |
|--------|---------------------------|
| N | - New Plant |
| N.P.E. | - New Product Expansion |
| E | - Expansion |
| M | - Modernization |
| N.C.F. | - New Commercial Facility |

Where an asterisk (*) appears in the "Estimated Amount of Incentive Grant" column, the amount of the incentive offered and accepted has been limited by a statutory or administrative ceiling which applies to the standard formula.

Where a dagger (†) appears in the "Estimated Amount of Incentive Grant" column, the grant in question is repayable development incentive. This term is explained under the definition of "Development Incentive" in Part IV.

TABLE 3

INCENTIVE GRANT ACTIVITY

DETAILS OF OFFERS ACCEPTED, AND OF OFFERS ACCEPTED
AND SUBSEQUENTLY REVISED, DECLINED OR WITHDRAWN DURING DECEMBER 1974

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
1. Allen Ice Company Limited	North Sydney, N.S.	Crushed Ice	M	\$ 36,000	1	20%	\$ 7,200
2. Alvin Keenan Ltd.	Souris, P.E.I.	Processing of Potatoes	N	\$ 181,500	15	25% and 30% of eligible wages and salaries of \$72,116	\$ 67,010
3. Amalgamated Dairies Limited	Summerside, P.E.I.	Bulk Milk	M	\$ 102,000	4	20%	\$ 20,400
4. Arctic Beverages Limited	Flin Flon, Man.	Soft Drinks	EM	\$ 718,551	5	20%	\$ 35,710
5. Associated Fisheries of Canada Ltd.	Shippegan, N.B.	Processing of Mackerel, Rock Crab and Ground Fish	N	\$1,291,000	213	25% and \$1,750 per eligible job (113)	\$ 520,500
6. Atlantic Timber Limited	Fairvale, N.B.	Lumber	N	\$ 143,100	10	25% and 30% of eligible wages and salaries of \$79,788	\$ 59,711

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
7. B.F. Goodrich Canada Limited	Drumheller, Alta.	Polyurethane Foam	N	\$3,855,000	101	15% and \$2,000 per eligible job (97)	\$ 772,250
8. Ber-Vac Inc.	Thetford Mines, Qué.	Blowers, Wagons and Other Farm Implements	E	\$ 61,500	7	20%	\$ 12,300
9. Bolton Industrial Finishing Company Limited	Magog, Qué.	Polishing Stainless Steel Sheets	N	\$ 126,000	8	25% and 15% of eligible wages and salaries of \$96,500	\$ 45,975
10. Bonar Packaging Ltd.	Fredericton, N.B.	Printed Paper Bags	E	\$ 117,000	1	20%	\$ 23,400
11. Borderland Abattoir	Coronach, Sask.	Meat Products	N	\$ 41,975	2	25% and 15% of eligible wages and salaries of \$6,600	\$ 11,483
12. Brandt Machine & Mfg. Ltd.	Regina, Sask.	Agricultural Machinery and Custom Products	EM	\$ 239,400	19	20%	\$ 47,880
13. Caron Ltée	Batiscan, Qué.	Jeans and Sport Jackets	EM	\$ 300,000	50	20%	\$ 60,000

OFFERS ACCEPTED

Company	Plant Location	Product and/or Process	Type of Project	Expected Eligible Cost	Expected Direct New Jobs	Rate of Offer	Estimated Amount of Incentive Grant
14. Centre Electro Technique Inc.	Ste-Foy, Qué.	Electronic Equipment for Telecommunications	E	\$ 143,000	11	20%	\$ 28,600
15. Dionite Luggage Inc.	Lévis, Qué.	Luggage	E	\$ 113,000	25	20%	\$ 22,600
16. Doug Roberts	Shellbrook, Sask.	Beekeepers' Equipment	N	\$ 34,000	5	25% and 15% of eligible wages and salaries of \$33,250	\$ 13,487
17. E.S. Stephenson & Co. Ltd.	Saint John, N.B.	Machine and Metal Parts	EM	\$ 122,000	22	20%	\$ 24,400
18. Emile C. LeBlanc & Sons Ltd.	Cape Bald, N.B.	Fish	N	\$ 100,662	22	25% and 30% of eligible wages and salaries of \$80,942	\$ 49,449
19. J.C. MacDonald	Winnipeg, Man.	Machined Metal Parts	EM	\$ 62,000	2	20%	\$ 12,400
20. J.J. Barker Co. Ltd.	Cowansville, Qué.	Laminated Wood Panels and Ceramic Tiles Panels	a) E b) NPE	a) \$ 195,000 b) \$ 110,000	a) 6 b) 9	a) 20% b) 25% and 15% of eligible wages and salaries of \$62,520.	a) \$ 39,000 b) \$ 36,878

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
21. J.N. Brochu Inc.	St-Isidore, Qué.	Feed Pellets	NPE	\$ 250,000	4	25% and 15% of eligible wages and salaries of \$30,750	\$ 67,113
22. J.R. Confection Inc.	Rock Forest, Qué.	Sport Clothing	N	\$ 54,163	57	25% and 15% of eligible wages and salaries of \$177,761	\$ 21,665*
23. J.W. MacDonald and Company Limited	Thorburn, N.S.	Hides and Scrap Metals	N	\$ 363,750	46	25% and 30% of eligible wages and salaries of \$360,665	\$ 199,138
24. Karl Karlsen & Company, Limited	New Harbour, N.S.	Salted and Smoked Herring and Mackerel and Frozen Herring and Mackerel Fillets	NPE	\$ 453,650	71	25% and 30% of eliglble wages and salaries of \$489,340	\$ 260,214
25. L'Optique Richelieu Ltée	St-Hyacinthe, Qué.	Contact Lenses and Plastic Lenses	NPE	\$ 205,000	12	25% and 15% of eligible wages and salaries of \$105,872	\$ 67,130

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
26. La Huche Sans Pareille (1969) Inc.	Chicoutimi, Qué.	Bakery	EM	\$ 860,000	20	20%	\$ 172,000
27. Le Bloc Vibré Inc.	Sherbrooke, Qué.	Ciment Blocks	M	\$ 31,725	-	20%	\$ 6,345
28. Les Ateliers Bisailon Inc.	Omerville, Qué.	Truck Wheels	NPE	\$ 250,000	49	25% and 15% of eligible wages and salaries of \$472,900	\$ 133,435
29. Les Bois Girardin Enrg.	Waterville, Qué.	Pallets	N	\$ 17,500	9	25% and 15% of eligible wages and salaries of \$53,960	\$ 12,469
30. Les Industries Bellechasse Inc.	St-Raphael de Bellechasse, Qué.	Wooden Panels and Paddles	E	\$ 155,500	9	20%	\$ 31,100
31. Les Industries du Hockey Canadien Inc.	Drummondville, Qué.	Hockey Sticks in Both Wood and Fiberglass	EM	\$ 83,500	14	20%	\$ 16,700
32. Les Industries Ma-Nic Inc.	Port Cartier, Qué.	Machine-Finish Metal Parts	N	\$ 141,000	22	25% and 15% of eligible wages and salaries of \$240,000	\$ 71,250

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
33. Les Produits de Ciment St-Maurice Ltée	Trois-Rivières, Qué.	Concrete Pipes	EM	\$ 225,000	5	20%	\$ 45,000
34. M & M Prefabricators Ltd.	North Battleford, Sask.	Roof Trusses and Housing Components	E	\$ 67,500	5	20%	\$ 13,500
35. Manitoba Sausage Mfg. Co. Ltd.	Winnipeg, Man.	Smoked Meat	E	\$ 153,000	10	20%	\$ 30,600
36. Manitou Manufacturing Co. Ltd.	Winnipeg, Man.	Machinery Castings and Components for Numerically Controlled Machines	E	\$ 120,000	3	20%	\$ 24,000
37. Menuiserie de Scott Inc.	Scott Junction, Qué.	Doors and Windows	EM	\$ 113,000	11	20%	\$ 22,600
38. Messrs. G. Gabbrielli and L. Chodirker	Winnipeg, Man.	Glass and Metal Ornaments and Souvenirs	N	\$ 27,645	10	25% and 15% of eligible wages and salaries of \$52,668	\$ 14,811
39. Métallurgie Pelchat Inc.	St-Romuald, Qué.	Open-Work Girders	N	\$ 627,000	34	25% and 15% of eligible wages and salaries of \$300,000	\$ 201,750

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
40. Moose Jaw Sash & Door Co. (1963) Ltd.	Moose Jaw, Sask.	Completed Window and Door Units	E	\$ 162,000	7	20%	\$ 32,400
41. Northern Timber (1971) Limited	Rouyn, Qué.	Sawmill	E	\$ 145,000	12	20%	\$ 29,000
42. Northern Wood Home Canadian Limited	Keewatin, Ont.	Prefabricated Wooden Homes	N	\$ 360,500	35	25% and 15% of eligible wages and salaries of \$500,000	\$ 165,125
43. Plastiques Bovac Ltée	St-Joseph de Beauce, Qué.	Plastic and Polyethylene Tubing	E	\$ 118,000	8	20%	\$ 23,600
44. Poissonnerie Boulay Inc.	Anse à Valteau, Qué.	Processing of Cod Fish	E	\$ 58,000	20	20%	\$ 11,600
45. Poly-Marb Inc.	Sherbrooke, Qué.	Sinks, Vanities, Tables, and Tiles of Artificial Marble	N	\$ 140,000	14	25% and 15% of eligible wages and salaries of \$117,000	\$ 52,550
46. Rocel Industries Limited	Kentville, N.S.	Paper Tubes and Cores	N	\$ 391,500	23	25% and 30% of eligible wages and salaries of \$156,850	\$ 144,930

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
47. Rodolphe O. Dumond	Lavaltrie, Qué.	Upholstered Furniture	N	\$ 193,500	36	25% and 15% of eligible wages and salaries of \$203,500	\$ 78,900
48. Schulte Industries Ltd.	Englefeld, Sask.	Farm Equipment	E	\$ 440,000	21	20%	\$ 88,000
49. The Jackson Bottling Company Limited	Moose Jaw, Sask.	Carbonated Beverages	E	\$ 198,981	4	20%	\$ 39,796
50. Toubex Inc.	Senneterre, Qué.	Processing of Peat	N	\$ 264,000	14	25%	\$ 66,000
51. Vic Metal Corporation	Victoriaville, Qué.	Corrugated Iron	N	\$2,180,000	94	15%	\$ 327,000

ACCEPTED OFFERS SUBSEQUENTLY REVISED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
1. B.M. Industries Ltd. (Oct. 1974)	Armagh, Qué.	Women's Clothes	E	\$ 150,000	30	20%	\$ 30,000
2. East-West Packers (1969) Ltd. (Oct. 1972)	St. Boniface, Man.	Meat Products	M	\$ 290,900	-	10%	\$ 29,090
3. National Underlay (1972) Ltd. (Sept. 1974)	Daveluyville, Qué.	Virgin Rug Underlay and Allied Products	NPE	\$ 384,000	36	25% and \$800 per eligible job (35)	\$ 124,000

ACCEPTED OFFERS SUBSEQUENTLY DECLINED OR WITHDRAWN

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
1. Atlantic Outdoor Products Ltd. (Feb. 1974)	Saint John, N.B.						
2. B. Tech Inc. & Lyster Die Casting Ltd. (Aug. 1974)	Drummondville, Qué.						
3. Dominion Corrugated Paper Company Limited (April 1973)	Chambly, Qué.						
4. Falconbridge Nickel Mines Limited (Jan. 1971)	Bécancour, Qué.						
5. Jara Steel Industries Ltd. (Sept. 1974)	Winnipeg, Man.						
6. Septus Laboratories Limited (June 1973)	St-Laurent, Qué.						
7. St-Maurice Hardwood Inc. & Red Skin Lumber Ltd. (Nov. 1973)	La Croche, Qué.						

ACCEPTED OFFERS SUBSEQUENTLY DECLINED OR WITHDRAWN

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
8. Takara Co. Canada Ltd. (March 1974)	Sherbrooke, Qué.						
9. Universal Sections Limited (March 1974)	Saint John, N.B.						
10. W.R. Cuthbert Limited (July 1972)	Montréal, Qué.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

Part III consists of Table 4 which provides a complete alphabetic listing for the month of December of:

- (1) offers accepted;
- (2) offers accepted and subsequently revised;
and
- (3) offers accepted and subsequently declined
or withdrawn.

The month and year of the most recent report for offers accepted and subsequently revised, declined or withdrawn are indicated in brackets under the company name. Only the revised data are shown.

TABLE 4

LOAN GUARANTEE ACTIVITY

DETAILS OF OFFERS ACCEPTED, AND OF OFFERS ACCEPTED
AND SUBSEQUENTLY DECLINED, WITHDRAWN OR REVISED DURING DECEMBER 1974

OFFERS ACCEPTED

<u>Company</u>	<u>Location of Facility</u>	<u>Type of Operation</u>	<u>Expected Capital Cost</u>	<u>Expected Direct New Jobs</u>	<u>Loan Amount</u>	<u>Maximum Amount of Loan Guarantee</u>
Nil						

OFFERS ACCEPTED AND SUBSEQUENTLY REVISED

Nil

OFFERS ACCEPTED AND SUBSEQUENTLY DECLINED OR WITHDRAWN

Nil

PART IV - DEFINITIONS

TERMS USED IN PART I

Application - A submission, in the approved form, by an applicant requesting a development incentive. Each application is normally restricted to a development on a single site, but one application may relate to a modernization, an expansion, a new product expansion or a complete new facility, or to some combination of these. An application covering a combined development is normally counted and reported as a single application, but each individual type of project is evaluated separately.

Received - An application delivered to the Department. The date of receipt is the first control date, and is used for reporting and determining conditions of "prior commitment" as defined in the Regional Development Incentives Act and Regulations.

Withdrawn - An Application withdrawn, at the request of the applicant, after receipt but before or during evaluation.

Rejected - An application turned down, under the provisions of the governing statute, because the project in question is considered ineligible, would proceed without incentive assistance or would not make a significant contribution to economic expansion and social adjustment within a designated region or special area.

Development Incentive - A development grant that is non-repayable, an incentive that is repayable under specific terms and conditions, or an incentive that is repayable provided the project achieves a certain level of profitability or other objective specified in the offer and accepted by the applicant. These latter two types of development incentives are frequently referred to as repayable grants.

Offer Made - When an application has been evaluated and an estimate made of the grant or loan guarantee required to assure that the proposed project can be brought into commercial production, the applicant is offered an incentive, subject to specified conditions. The date of the offer establishes the second control date for reporting and management.

Lapsed - When the applicant in receipt of an offer does not return a formal acceptance within ninety days, the offer is deemed to have lapsed and the applicant is so advised.

Withdrawn - When an incentive offer is withdrawn, prior to acceptance, because of new information justifying such action.

Declined - When the applicant formally declines an offered incentive.

Offer Accepted - An offer of incentive assistance is accepted when the applicant returns a signed copy of the offer within ninety days from the date of the offer. In accepting an offer, the applicant agrees to the latest date on which construction will begin.

Withdrawn - When, prior to making payment, the Department determines that the contractual commitments relating to a project were made before the application was filed, or that other legal requirements were not met, and takes action to withdraw the offer in question.

Declined - When the applicant formally advises the Department that he does not intend to proceed with a project following his acceptance of an offer relating to it.

No Payment Made - No payment can be made to an applicant until the facility is certified as being in "commercial production", a condition defined in the Regional Development Incentives Act and Regulations. This requires an on-site inspection and audit by an officer authorized to act on behalf of the Minister.

Partial Payment Made - When commercial production of the facility has been certified and one or more payments have been made in relation to the offered incentive, but final payment has not been made.

Final Payment Made - When the facility has been in commercial production for the prescribed period, a final inspection is made by the Department, and if all conditions specified in the accepted offer and in the governing Act and Regulations have been met, a final payment is made. The final payment cannot be made until twenty-four months after the certified date of commercial production when the incentive is based only on approved capital costs; or until thirty-six months after the certified date of commercial production when the incentive is based in part on either the wages and salaries relating to eligible jobs created, or on the number of jobs created in the operation.

Application of Terms to Loan Guarantees

The aforementioned definitions apply to both incentive grants and loan guarantees, except that there are no payments to applicants with loan guarantees.

When providing loan guarantees the Department enters into an agreement with the lender to guarantee repayment of a portion of the loan being made to the applicant. Such an agreement can only be executed when the applicant and the lender complete the loan arrangements. The original offer to the applicant by the Department is in the form of a letter of intent, a copy of which is sent to the prospective lender. Acceptance of the letter of intent by both parties is considered as an "offer accepted". If the applicant fails to complete his loan arrangements, the offer is "withdrawn". If the applicant abandons his project or completes his loan arrangements without the guarantee, the offer is "declined". Once the Department has completed an agreement with the lender, there is a "guarantee in operation".

A loan guarantee applicant discharges his loan obligations directly with the lender, reducing at the same time the potential liability of the Department.

TERMS USED IN PART II

Company - The legal corporate or organization identification of the applicant at the time of his acceptance of an offer of incentive assistance.

Plant Location - The name used is that which Statistics Canada uses to identify the specific geographic location of the plant or facility.

Product or Process - The nature of the product or process.

Type of Project -

N - New Plant - a new facility, the word facility being used as defined in the Regional Development Incentives Act and Regulations.

N.P.E. - New Product Expansion - an addition to an existing facility to manufacture or produce a product not previously manufactured or produced by the applicant.

E - Expansion - an addition to an existing facility to increase the output of the products presently being manufactured or produced.

M - Modernization - a change in an existing facility designed primarily to reduce production costs or improve product quality.

N.C.F. - New Commercial Facility - a new facility designed to provide a service rather than to undertake manufacturing or processing.

Expected Eligible Cost - The capital costs of a project, as estimated by the Department on the basis of information supplied by an applicant, covering only costs that are eligible under the Regional Development Incentives Act and Regulations.

Expected Direct New Jobs - The number of jobs to be created directly by the project, as estimated by the Department on the basis of information supplied by the applicant.

Eligible Direct Jobs - The Regional Development Incentives Act and Regulations define specific conditions under which a job-related incentive can be paid. Where an offer containing a job-related incentive has been made, the Department evaluates the estimate made by the applicant of the eligible jobs to be created. This number is declared in the offer as the expected number of eligible jobs, and is the Departmental estimate of the number of jobs on which payment will be based, whether as a percentage of the wages and salaries relating to those jobs, or as an amount per job.

Rate of Offer - The rate of offer defines the terms under which grant payments will be made. These are expressed as a percentage of eligible capital costs and/or a dollar amount per eligible direct job to be created or a percentage of the approved wages and salaries relating to the eligible jobs. The terms are based on the Departmental evaluation of the application.

Estimated Amount of Incentive Grant - The Departmental estimate of the grant likely to be paid, based on evaluation of the proposed project. An Estimated Incentive Grant in this report indicates the original estimate, and subsequent formal revisions thereto; or actual payments where final inspection and payment has been made.

TERMS USED IN PART III

Type of Operation - A description of the product and process.

Expected Capital Cost - Total capital costs associated with fixed assets, as estimated by the Department on the basis of information supplied by the applicant. At the time the project becomes operational, this figure is amended, if necessary, to indicate actual investment.

Loan Amount - The total value of the original loan to be guaranteed.

Maximum Amount of Loan Guarantee - The initial amount of the loan guarantee, expressed as a percentage of the total loan.

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