



Regional
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REPORT ON REGIONAL DEVELOPMENT INCENTIVES



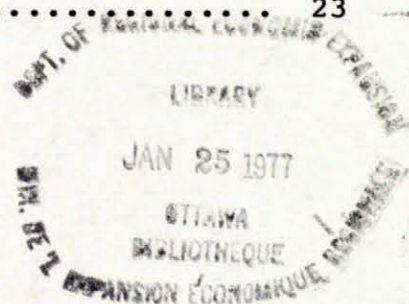
March, 1975

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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 MARCH, 1975

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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 March, 1975.

Among other things, it shows:

- (1) that, during the month of March, 1975, 91 applications were received and 40 offers were made;
- (2) that, of the 10,300 applications received since the inception of the program, 5,697 were rejected or withdrawn, and 4,249 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3,105; and
- (4) that, against obligations represented by the net total of 3,105 accepted offers, partial payments had been made in 1,755 cases, and final payments had been made in 473 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 \$2,408.2 million;

... expected direct new jobs numbering 120,306*

and

... incentive grants of \$504.7 million.

Incentive grants actually paid to date total \$240.6 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 March, 1975.

*In the February Report to Parliament, the number of expected direct new jobs was erroneously shown as 122,223 rather than 119,550. The 120,306 shown in this report corrects that error and reflects the expected direct new jobs as of March 31, 1975.

TABLE 1
INCENTIVE GRANT APPLICATIONS
DISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - MARCH, 1975

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	91	1,218	10,300
Applications Withdrawn	20	424	3,297
Applications Rejected	13	239	2,400
Offers Made	40	643	4,249
<u>STATUS OF OFFERS MADE</u>			
Offers Made	40	643	4,249
Offers Lapsed	-	27	211
Offers Declined	3	39	293
Offers Accepted	46	603	3,695
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	46	603	3,695
Accepted Offers Declined or Withdrawn	5	127	590
Net Offers Accepted	41	476	3,105
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	41	476	3,105
No Payment Made	-	-	877
Partial Payment Made	59	555	1,755
Final Payment Made	24	186	473

TABLE 2
LOAN GUARANTEE APPLICATIONS
DISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - MARCH, 1975

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	-	19	280
Applications Withdrawn	2	7	138
Applications Rejected	-	1	77
Offers Made	-	7	49
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	7	49
Offers Lapsed	-	-	6
Offers Declined	-	-	2
Offers Accepted	1	7	39
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	1	7	39
Accepted Offers Declined or Withdrawn	-	4	11
Net Offers Accepted	1	3	28
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	1	3	28
Guarantees in Operation	-	3	19

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

Part II consists of Table 3 which provides a complete alphabetic listing for the month of March 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 MARCH 1975

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. Alberta Aspen Board Limited	Slave Lake, Alta.	Poplar Stud and Cut Stock Mill	N	\$4,968,000	298	25% and \$5,000 per eligible job (192)	\$2,202,000 <i>R</i>
2. BK & B Truck Bodies (Western) Ltd.	Regina, Sask.	Manufacturing of Truck Bodies	N	\$ 68,640	21	25% and 15% of eligible wages and salaries of \$211,000	\$ 48,810
3. Boire & Verch Construction Ltd.	Stafford Township, Ont.	Manufacturing of Kitchen Cabinets, Vanities, Pallets, etc. and All Kinds of Millwork	N	\$ 46,800	8	25% and 15% of eligible wages and salaries of \$60,000	\$ 20,700
4. C. Jackson & Sons Contractors Ltd.	Kinuso, Alta.	Lumber Mill	N	\$ 103,000	35	25% and 15% of eligible wages and salaries of \$166,200	\$ 50,680
5. Chemcrest Corporation Ltd.	Winnipeg, Man.	Manufacturing of Polyurethane Products	N	\$ 65,000	13	25% and 15% of eligible wages and salaries of \$128,336	\$ 35,500 <i>R</i>

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>
6. Chemtec Chemicals Ltd.	Regina, Sask.	Manufacturing of Miscellaneous Chemical Products	N	\$ 113,500	8	25% and 15% of eligible wages and salaries of \$53,500	\$ 36,400
7. Confection Johanne Inc.	Louiseville, Qué.	Clothing Assembling	E	\$ 237,820	75	20%	\$ 47,564
8. Daigle Aqua Inc.	Dunham, Qué.	Iron Foundry	N	\$ 842,000	13	25% and 15% of eligible wages and salaries of \$141,000	\$ 231,650
NA 9. Diener Controls Ltd.	Saskatoon, Sask.	Manufacturing of "Pyrovent"	N	\$ 137,260	18	25% and 15% of eligible wages and salaries of \$109,250	\$ 50,703
10. G.M.D. Multi Electric Ltée	Jonquière, Qué.	Multiple-Use Electric Stoves	N	\$ 610,000	60	25% and 15% of eligible wages and salaries of \$458,000	\$ 221,200
11. Granby Steel Tanks Inc.	Granby, Qué.	Truck Bodies	NPE	\$ 61,650	8	25% and 15% of eligible wages and salaries of \$61,200	\$ 24,593

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
12. H.L. Boisvert Inc.	Coaticook, Qué.	Moulded Animal Models	N	\$ 85,000	7	25% and 15% of eligible wages and salaries of \$42,600	\$ 27,640
13. Harvey J. George	Redvers, Sask.	Manufacturing of Leather Moccasins	N	\$ 41,000	12	25% and 15% of eligible wages and salaries of \$81,566	\$ 22,484
14. Henninger Malting (Saskatchewan) Ltd.	Biggar, Sask.	Processing of Malting Barley	N	\$12,492,000	50	10% and \$3,000 per eligible job (49.5)	\$1,397,700
15. Jack Berger Ltd.	Winnipeg, Man.	a) Manufacturing of Maps, Gravure Cylinders, Negatives and Plates b) Manufacturing of Decorative Metal Plaques and Educational Posters	a) E b) NPE	a) \$ 24,750 b) \$ 85,250	a) 2 b) 8	a) 20% b) 25% and 15% of eligible wages and salaries of \$114,500	a) \$ 4,950 b) \$ 38,488
16. Kirchheim KG	Sherbrooke, Qué.	Manufacturing of Solenoid Operated Valves for Fluids	N	\$ 650,000	45	25% and \$1,750 per eligible job (42)	\$ 236,000

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
17. La Cie de Bois Oscar Belanger Limitée	St. Arthur, N.B.	Sawmill	EM	\$ 582,000	5	20%	\$ 116,400
18. La Cie Frénéco Ltée	Portneuf Station, Qué.	Manufacturing of Roof Trusses and Pallets	EM	\$ 90,000	4	20%	\$ 18,000
19. Lavignette Limitée	Ville Vanier, Qué.	Manufacturing of Display Counters and Racks for Shops	E	\$ 88,000	6	20%	\$ 17,600
20. Lenargo Industries Limited	New Glasgow, N.S.	Manufacturing of Factory Built Sectional Homes	EM	\$ 110,190	4	20%	\$ 22,038
21. Les Breuvages B.B.Q. Inc.	St-Hyacinthe, Qué.	Soft Drinks	N	\$ 93,400	15	25% and 15% of eligible wages and salaries of \$134,000	\$ 43,450
22. Les Industries Saulnier Inc.	St-Gabriel de Brandon, Qué.	Manufacturing of Wooden Furniture	NPE	\$ 93,500	27	25% and 15% of eligible wages and salaries of \$173,750	\$ 49,438 <u>2</u>
23. Les Produits Forestiers Procompt Ltée	Compton, Qué.	Manufacturing of Furniture Components	N	\$ 138,403	8	25% and 15% of eligible wages and salaries of \$71,000	\$ 45,251 <u>0</u>

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>
24. Les Spécialités du Pneu D.P. Inc.	St-Raymond, Qué.	Recapping Tires	N	\$ 56,600	5	25% and 15% of eligible wages and salaries of \$40,000	\$ 20,150
25. Marjorie Shoe Service	Winnipeg, Man.	Manufacturing of Specialty Footwear	N	\$ 66,000	7	25% and 15% of eligible wages and salaries of \$32,600	\$ 21,390
26. Mr. E.K. Donovan	Eganville, Ont.	Dressed Lumber	N	\$ 279,000	15	25% and 15% of eligible wages and salaries of \$127,000	\$ 88,800
27. Mr. Michael Horne	Winnipeg, Man.	Manufacturing of Printed Material	N	\$ 26,540	4	25% and 15% of eligible wages and salaries of \$24,800	\$ 10,355
28. N & N Concrete Ltd.	McLennan, Alta.	Concrete Block Manufacturing	N	\$ 267,000	12	25% and 15% of eligible wages and salaries of \$105,200	\$ 82,530
29. Nazaire Fortier Inc.	Plessisville, Qué.	Tannery	N	\$ 440,801	33	25% and 15% of eligible wages and salaries of \$265,518	\$ 150,028

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>
30. Nelson Ready-Mix Concrete Ltd.	Nelson, B.C.	Manufacturing of Ready Mix Concrete	N	\$ 36,400	14	25%	\$ 9,100
31. Pagé Limitée	Charlesbourg Ouest, Qué.	Manufacturing of Concrete Paving Tiles	NPE	\$ 172,000	4	25% and 15% of eligible wages and salaries of \$38,000	\$ 48,700
32. Precis-Max Inc.	Granby, Qué.	Manufacturing of Parts for Computers	NPE	\$ 53,625	8	25% and 15% of eligible wages and salaries of \$25,400	\$ 17,216
33. Premier Printing Ltd.	Winnipeg, Man.	Commercial Printing	E	\$ 100,000	4	20%	\$ 20,000
34. Progress Plastics Ltd.	Winnipeg, Man.	Manufacturing of Thermoplastic Profiles	N	\$ 128,606	18	25% and 15% of eligible wages and salaries of \$208,736	\$ 63,462 <i>R</i>
35. Raven Enterprises Ltd.	Winnipeg, Man.	Processing of Bakery Products	N	\$ 128,600	9	25% and 15% of eligible wages and salaries of \$75,950	\$ 43,542

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>
36. Regal Spring-Air Mattress Ltd.	Winnipeg, Man.	Manufacturing of Mattress Springs	E	\$ 84,000	3	20%	\$ 16,800
37. Reichhold Chemicals Limited	Thunder Bay, Ont.	Manufacturing of Formaldehyde Resins	N	\$2,040,500	18	25% and \$1,655 per eligible job (18)	\$ 539,915
38. Robinson & Webber Limited	Winnipeg, Man.	Manufacturing and Liquid Packaging of Industrial Chemicals and Drugs	E	\$ 49,000	3	20%	\$ 9,800
39. Saskatoon Fresh Pack Potatoes Ltd.	Saskatoon, Sask.	Processing of Fresh Potato Products and Coleslaw	E	\$ 37,000	7	20%	\$ 7,400
40. Simpson Timber Company (Alberta) Ltd.	Whitecourt, Alta.	Lumber Mill	N	\$16,136,000	216	10% and \$3,500 per eligible job (216)	\$2,369,600
41. Sudbury Steel Construction Limited	Sudbury, Ont.	Manufacturing of Structural Steel for Commercial and Industrial Buildings	E	\$ 463,500	-	20%	\$ 92,700

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>
42. Tomco Inc.	Bromptonville, Qué.	Manufacturing of Fabricated Metal Products	NPE	\$ 260,000	21	25% and \$900 per eligible job (21)	\$ 83,900
43. Vulcanisation Marquis Ltée	Rimouski, Qué	Retreading of Tires and Manufacturing of Compressed Rubber	E	\$ 51,000	10	20%	\$ 10,200
44. Water Conditioning Canada Limited	Regina, Sask.	Manufacturing of Water Conditioning Systems	N	\$ 485,000	9	25% and 15% of eligible wages and salaries of \$78,625	\$ 133,044
45. Willmar Window Industries Ltd.	Winnipeg, Man.	Manufacturing of Commercial and Residential Windows	N	\$ 786,000	39	25% and 15% of eligible wages and salaries of \$349,129	\$ 248,869
46. Willmar Window Industries Ltd.	Winnipeg, Man.	Manufacturing of Flush Wood Doors	NPE	\$ 50,000	13	25% and 15% of eligible wages and salaries of \$118,797	\$ 30,320 <u> D</u>

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. Ben's Limited (May 1974)	Halifax, N.S.	Bakery Products	E	\$1,365,500	20	20%	\$ 273,100
2. Continental Bedding & Furniture Co. Ltd. (Aug. 1974)	Saskatoon, Sask.	Bedding and Furniture	N	\$ 100,000	31	25% and 15% of eligible wages and salaries of \$187,050	\$ 53,058
3. L. L. Gauthier & Fils Cie Ltée (March 1973)	Shippegan, N.B.	Fish Processing	N	\$ 249,487	21	25% and \$2,000 per eligible job (19)	\$ 100,372
4. Scieries de l'Est Inc. (Sept. 1973)	Dixville, QuÉ.	Sawmill	EM	\$ 96,956	12	20%	\$ 19,391

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. British Rubber Company Ltd. (May 1972)	Lachine, Qué.						
2. Carlan Plastics Co. Ltd. (July 1973)	Sherbrooke, Qué.						
3. La Cie de Bois Gérard Côté Inc. (June 1973)	Ville St-Georges, Qué,						
4. Modultec Ltée (July 1973)	Ville-Marie, Qué.						
5. Peerless Paper Products Company (June 1973)	St-Laurent, 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 March 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 MARCH 1975

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>
Riviera Motel Ltd.	Tracadie, N.B.	22-Unit Motel Incorporating a Dining Room, Lounge and Banquet Facilities	\$ 364,400	20	\$ 290,000	\$ 261,000

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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