



Regional
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REPORT ON REGIONAL DEVELOPMENT INCENTIVES



June 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 JUNE, 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 June, 1975.

Among other things, it shows:

- (1) that, during the month of June, 1975, 98 applications were received and 44 offers were made;
- (2) that, of the 10,584 applications received since the inception of the program, 5,846 were rejected or withdrawn, and 4,394 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3,193; and
- (4) that, against obligations represented by the net total of 3,193 accepted offers, partial payments had been made in 1,756 cases, and final payments had been made in 631 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 \$2,397.4 million;

... expected direct new jobs numbering 121,989;

and

... incentive grants of \$506.8 million.

Incentive grants actually paid to date total \$261.6 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 June, 1975.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	98	284	10,584
Applications Withdrawn	20	85	3,378
Applications Rejected	32	70	2,468
Offers Made	44	145	4,394
<u>STATUS OF OFFERS MADE</u>			
Offers Made	44	145	4,394
Offers Lapsed	1	3	214
Offers Declined	2	6	299
Offers Accepted	45	120	3,817
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	45	120	3,817
Accepted Offers Declined or Withdrawn	13	34	624
Net Offers Accepted	32	86	3,193
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	32	86	3,193
No Payment Made	-	-	806
Partial Payment Made	41	161	1,756
Final Payment Made	27	137	631

TABLE 2LOAN GUARANTEE APPLICATIONSDISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - JUNE, 1975

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	1	6	286
Applications Withdrawn	4	4	142
Applications Rejected	-	3	80
Offers Made	1	3	52
<u>STATUS OF OFFERS MADE</u>			
Offers Made	1	3	52
Offers Lapsed	-	-	6
Offers Declined	-	-	2
Offers Accepted	1	1	40
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	1	1	40
Accepted Offers Declined or Withdrawn	-	1	12
Net Offers Accepted	1	1	28
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	1	1	28
Guantees in Operation	-	-	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 June 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 a 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 JUNE 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. A.R. Hemming Building Systems Limited	Dartmouth, N.S.	Manufacturing of Wall Panels	EM	\$ 154,000	17	20%	\$ 30,800
2. Alain Jodoin	St-Hyacinthe, Qué.	Foundry	N	\$ 94,000	15	25% and 15% of eligible wages and salaries of \$143,400	\$ 45,010
3. Artwood Panel Board Inc.	St-Romuald, Qué.	Manufacturing of Laminated Ornamental Mural Panels	NPE	\$ 156,000	6	25% and 15% of eligible wages and salaries of \$57,000	\$ 47,550
4. Beauce Fibre de Verre Inc.	Ste-Clothilde, Qué.	Manufacturing of Fiberglass Products for Snowmobiles, Trailers and Other Uses	N	\$ 298,000	24	25% and 15% of eligible wages and salaries of \$160,000	\$ 98,500
5. Bill Douglas Company Limited	Saskatoon, Sask.	Manufacturing of Utility Trailers and Gymnasium and Farm Equipment	E	\$ 113,750	14	20%	\$ 22,750 ⁰ ₁

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. Bo-Plex Inc.	St-Nicéphore, Qué.	Manufacturing of Prefabricated Houses	E	\$ 180,800	-	20%	\$ 36,160
7. Boulangerie Bourdages Inc.	Bonaventure, Qué.	Bakery	E	\$ 230,000	4	20%	\$ 46,000
8. Cambrian Crutch Ltd.	Kindersley, Sask.	Manufacturing of Laminated Crutches	N	\$ 144,300	24	25% and 15% of eligible wages and salaries of \$249,450	\$ 73,493
9. Carman Frosted Foods	Carman, Man.	Processing of Meat Products	E	\$ 132,720	6	20%	\$ 26,544
10. Cheticamp Pastries	Petite Etang, N.S.	Manufacturing of Commercial Bread	E	\$ 32,978	12	20%	\$ 6,596
11. Concrete Ornaments and Supplies Ltd.	St. John's, Nfld.	Manufacturing of Concrete Ornaments and Patio Stones	N	\$ 45,000	7	25% and 30% of eligible wages and salaries of \$45,180	\$ 24,804
12. David Ouellet Ltée	La Pocatière, Qué.	Manufacturing of Clothes for Children and Teen-agers	M	\$ 70,000	30	20%	\$ 14,000

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>
13. Digby Woodworkers Limited	Smith's Cove, N.S.	Manufacturing of Wood Products	N	\$ 46,429	10	25% and 30% of eligible wages and salaries of \$74,310	\$ 33,900
14. Fafard & Frères Ltée	St-Bonaventure, Qué.	Processing of Peat Moss	EM	\$ 208,199	12	20%	\$ 41,640
15. Fonderie Ste-Croix Ltée	Ste-Croix, Qué.	Manufacturing of Cast Iron Products Using an Automatic Moulding Machine	E	\$ 720,000	48	20%	\$ 144,000
16. Goma Forge Ltd.	Ayer's Cliff, Qué.	Manufacturing of Custom Forged Products	E	\$ 46,110	5	20%	\$ 9,222
17. Grewal Die Cast Products Limited	Charlottetown, P.E.I.	Manufacturing of Aluminum and Zinc Low Pressure Die Casts	N	\$1,073,000	33	25% and 30% of eligible wages and salaries of \$358,000	\$ 375,650
18. Halifax Metalworkers Limited	Dartmouth, N.S.	Processing of Structural Steel	E	\$1,408,000	24	20%	\$ 281,600
19. Jordan Wines Limited	Selkirk, Man.	Manufacturing of Wine	N	\$ 543,000	22	20%	\$ 108,600

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>
20. Laiterie Cité Ltée	Québec, Qué.	Processing of Dairy Products	E	\$ 468,000	18	25% and \$1,450 per eligible job (13)	\$ 135,850
21. Les Ateliers Beauchemin Inc.	Danville, Qué.	Manufacturing of Sawmill Machinery and Truck Caps for Transporting Men and Equipment	N	\$ 78,000	10	25% and 15% of eligible wages and salaries of \$56,000	\$ 27,900
22. Les Editions Graphiques Inc.	Drummondville, Qué.	Bulletin and "job-lot" Printing	E	\$ 270,600	15	20%	\$ 54,120
23. Locke's Electrical Limited	Corner Brook, Nfld.	Rebuilding of Electric Motors and Machine Shop	EM	\$ 205,550	13	20%	\$ 41,110
24. M. André Labbé	Maricourt, Qué.	Manufacturing of Horseshoes	N	\$ 30,620	7	25% and 15% of eligible wages and salaries of \$74,965	\$ 18,900
25. M. Léopold Gagnon	Cap-de-la-Madeleine, Qué.	Manufacturing of Small Parts from Cast Iron and Other Metal Alloys	N	\$ 234,300	22	25% and 15% of eligible wages and salaries of \$274,157	\$ 99,699

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. M. Vianney Choquette	Nantes, Qué.	Manufacturing of Cheese	N	\$ 78,100	6	25% and 15% of eligible wages and salaries of \$43,400	\$ 26,035
27. Manitou Manufacturing Co. Ltd.	Winnipeg, Man.	Manufacturing of Machined Castings and Components	E	\$ 120,000	2	20%	\$ 24,000
28. Marc Beaulieu Inc.	Drummondville, Qué.	Rebuilding of Transmissions and Drive Shafts	NPE	\$ 69,800	6	25% and 15% of eligible wages and salaries of \$63,200	\$ 26,930
29. Mazurek Industries Ltd.	Carrot River, Sask.	Manufacturing of Trailers, Tow Bars and Dozer Blades	N	\$ 36,700	4	25% and 15% of eligible wages and salaries of \$22,375	\$ 12,531 <i>D</i>
30. McCain Foods Limited	Grand Falls, N.B.	Manufacturing of Frozen Pizza	N	\$2,536,899	87	25% and 30% of eligible wages and salaries of \$235,073	\$ 704,747 <i>✓</i>
31. Pizza-Pops Ltd.	Winnipeg, Man.	Manufacturing of Frozen Food Products	N	\$ 220,000	16	25% and 15% of eligible wages and salaries of \$120,448	\$ 73,067

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
32. Pro-Star Mills Ltd.	Saskatoon, Sask.	Processing of Field Peas	N	\$1,920,000	17	20% and \$3,000 per eligible job (16)	\$ 432,000
33. Produits Ronald Ltée	St-Damase, Qué.	Processing of Tomato Sauce and Tomato Concentrates	a) EM b) NPE	a) \$ 184,000 b) \$ 66,000	a) - b) 8	a) 20% b) 25% and 15% of eligible wages and salaries of \$36,350	a) \$ 36,800 b) \$ 21,952
34. Ro-Ma Métal & Plastics Ltée	Shawinigan Sud, Qué.	Manufacturing of Metal Parts, Including Plastic-Covered Metal Wheels	E	\$ 118,000	15	20%	\$ 23,600
35. Schurman Ltd. and M. F. Schurman Company, Limited	St. Eleanor's, P.E.I.	Manufacturing of Wooden Windows and Metal Doors	N	\$1,020,450	111	25% and 30% of eligible wages and salaries of \$531,627	\$ 414,600
36. Scierie Bell Limitée	Lebel-sur-Quévillon, Qué.	Sawmill	EM	\$ 511,600	35	20%	\$ 102,320
37. Scott Construction	Oxbow, Sask.	Manufacturing of Roof Trusses and Miscellaneous Wood Products	EM	\$ 47,000	2	20%	\$ 9,400

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>
38. Seapro Limited	Lower Caraquet, N.B.	Processing of Marinated and Cured Herring Products	M	\$ 26,500	-	20%	\$ 5,300
39. Simon Boats Ltd.	Big Cove Indian Reserve, N.B.	Manufacturing of Fibreglass Sailboats	N	\$ 76,000	10	25% and 30% of eligible wages and salaries of \$43,457	\$ 32,037
40. St. Leonard Pre-Cast Concrete Ltd.	St. Leonard, N.B.	Manufacturing of Precast Concrete Products	N	\$ 153,014	8	25% and 30% of eligible wages and salaries of \$69,160	\$ 59,001
41. Undersea Equipment Limited	Halifax, N.S.	Manufacturing of Specialized Marine and Underwater Equipment	N	\$ 245,130	63	25% and 30% of eligible wages and salaries of \$945,450	\$ 196,104 * 0
42. United Maritime Fishermen Limited	Dartmouth, N.S.	Processing of Salt Dried Fish	N	\$ 307,025	18	25% and 30% of eligible wages and salaries of \$92,235	\$ 104,427

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>
43. Victoriaville Specialties Co. Ltd.	Victoriaville, Qué.	Processing and Assembling of Particle-Board Panels Used in Furniture Manufacture	E	\$ 981,275	40	20%	\$ 196,255
44. Vitrerie Générale Cie Ltée	Rivière-du-Loup, Qué.	Cutting and Tempering of Glass	E	\$ 162,000	3	20%	\$ 32,400
45. Wilfrid Paquet & Fils Ltée	Armstrong, Qué.	Sawmill	N	\$ 288,000	18	25% and 15% of eligible wages and salaries of \$172,775	\$ 97,916

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. Ber-Vac Inc. (Dec. 1974)	Thetford Mines, Qué.	Blowers, Wagons and Other Farm Implements	E	\$ 52,000	7	20%	\$ 10,400
2. Fonderie Maska Inc. (Nov. 1974)	Ste-Claire, Qué.	Power Transmission Pulleys	N	\$ 634,000	20	25% and 15% of eligible wages and salaries of \$215,000	\$ 190,750
3. Pantoufle Mauricienne Ltée (Sept. 1974)	St-Tite, Qué.	Sport Shoes	E	\$ 166,250	30	20%	\$ 33,250
4. Precision Service & Engineering Ltd. (May 1975)	Prince Albert, Sask.	Manufacturing of Sawmill and Woodhandling Components	N	\$ 109,500	24	25% and 15% of eligible wages and salaries of \$344,014	\$ 78,977

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. Astro Industrial Machine Ltd. (Sept. 1972)	Winnipeg, Man.						
2. Carrington's Building Centre Limited (July 1974)	Sudbury, Ont.						
3. Clôture Mégantic Inc. (Jean Guy Maheux) (Oct. 1974)	Lac Mégantic, Qué.						
4. Dufferin Meat & Sausage (Oct. 1971)	Carman, Man.						
5. Kaplun Enterprises Ltd., K & K Plastics Enterprises Ltd., Storm-Tite Industries Ltd. (Sept. 1974)	Winnipeg, Man.						
6. Long Lake Lumber Limited (Oct. 1974)	Shelbourne, N.S.						
7. Marcel Richard Tires (Aug. 1974)	Drummondville, 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 Incentive Grant</u>
8. Multiprodex Inc. (Oct. 1974)	Waterloo, Qué.						
9. Ray's Insulating Service (Feb. 1974)	Ile de Chênes, Man.						
10. Spinto Ltd. (Feb. 1975)	Granby, Qué.						
11. Sprucedale Lumber Co. (Oct. 1971)	Mattice, Ont.						
12. St. Mary's Bay Fisheries Ltd. (May 1974)	Meteghan, N.S.						
13. Tanacan Manufacturing Co. Ltd. (May 1973)	Granby, 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 June 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 DCELINED, WITHDRAWN OR REVISED DURING JUNE 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>
Weyburn Inland Terminal Ltd.	Weyburn, Sask.	Grain Terminal	\$4,800,000	-	\$3,400,000	\$3,060,000

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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