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**Regional
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Expansion**

**Expansion
Économique
Régionale**

REPORT ON REGIONAL DEVELOPMENT INCENTIVES

October, 1976

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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 OCTOBER 1976

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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 October, 1976.

Among other things, it shows:

- (1) that, during the month of October, 1976, 83 applications were received and 42 offers were made;
- (2) that, of the 12 161 applications received since the inception of the program, 6 614 were rejected or withdrawn, and 5 235 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 858; and
- (4) that, against obligations represented by the net total of 3 858 accepted offers, partial payments had been made in 1 641 cases, and final payments had been made in 1 459 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 \$2 739.0 million;

... expected direct new jobs numbering 127 428;

and

... incentive grants of \$579.1 million.

Incentive grants actually paid to date total \$376.3 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 October, 1976.

TABLE 1INCENTIVE GRANT APPLICATIONSDISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - OCTOBER 1976

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	83	679	12 161
Applications Withdrawn	35	202	3 834
Applications Rejected	15	161	2 780
Offers Made	42	350	5 235
<u>STATUS OF OFFERS MADE</u>			
Offers Made	42	350	5 235
Offers Lapsed	2	14	247
Offers Declined	2	17	339
Offers Accepted	46	345	4 601
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	46	345	4 601
Accepted Offers Declined or Withdrawn	14	66	743
Net Offers Accepted	32	279	3 858
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	32	279	3 858
No Payment Made	-	-	758
Partial Payment Made	37	287	1 641
Final Payment Made	58	305	1 459

TABLE 2LOAN GUARANTEE APPLICATIONSDISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - OCTOBER 1976

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	1	9	305
Applications Withdrawn	-	5	154
Applications Rejected	-	-	81
Offers Made	-	3	60
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	3	60
Offers Lapsed	-	1	6
Offers Declined	-	-	4
Offers Accepted	-	-	48
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	-	-	48
Accepted Offers Declined or Withdrawn	-	-	14
Net Offers Accepted	-	-	34
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	-	-	34
Guarantees in Operation	-	1	21
Guarantees Discharged	1	2	4

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

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

- (1) offers accepted;
- (2) offers accepted and subsequently revised;
- (3) offers accepted and subsequently declined or withdrawn; and
- (4) offers accepted previously withdrawn but re-activated.

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 OCTOBER 1976

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 B C Printing Limited	Saskatoon, Sask.	Commercial Printing	N	\$ 92 500	4	25% and 15% of eligible wages and salaries of \$32 604	\$ 28 015
2. A.A. DeFehr Manufacturing Ltd. and East Gate Enterprises Ltd.	Winnipeg, Man.	Wooden Household Furniture	E	\$1 490 800	62	20%	\$ 298 160
3. Beline Manufacturing Company Limited	Kindersley, Sask.	Farm Equipment	E	\$ 70 000	9	20%	\$ 14 000
4. Béton Préfabriqué du Lac Ltée	Alma, Qué.	Concrete Foundation Blocks	E	\$ 55 000	2	20%	\$ 11 000
5. Biraghi Entrepouse Limitée	Bécancour, Qué.	Special Heat Exchangers Finned Tubes	E	\$ 368 200	3	20%	\$ 73 640

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. Blackmore-Hackett Limited	Grand Falls, Nfld.	Converting of Newsprint Paper	N	\$ 61 200	10	25% and 30% of eligible wages and salaries of \$98 900	\$ 44 970 ^D
7. Centennial Plumbing and Heating Ltd.	Saskatoon, Sask.	Sheet Metal Ducts	N	\$ 41 785	8	25% and 15% of eligible wages and salaries of \$94 535	\$ 24 626
8. Cercueils Victoriaville Ltée	Victoriaville, Qué.	Coffins	EM	\$ 400 000	18	20%	\$ 80 000
9. Conserverie Notre-Dame Food Packing Inc.	Charette, Qué.	Canning of Meat	N	\$ 180 200	14	20%	\$ 36 040
10. Consolidated Textiles Ltd.	Coaticook, Qué.	Sheer Curtains	NPE	\$ 263 900	77	25% and 15% of eligible wages and salaries of \$590 000	\$ 154 475

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>
11. Cornelius Ens	Manitou, Man.	Laminated Rafters and Roof Trusses	N	\$ 91 000	3	25% and 15% of eligible wages and salaries of \$25 750	\$ 26 612
12. Du-Al Block Ltd.	Prince Albert, Sask.	Insulated Building Blocks	N	\$ 597 250	13	25% and 15% of eligible wages and salaries of \$148 302	\$ 171 557
13. Duracraft Plastics Inc.	Sherbrooke, Qué.	Tubular Brass Plumbing Goods	N	\$ 174 600	30	25% and 15% of eligible wages and salaries of \$257 600	\$ 82 290
14. Duraform Western Limited	Saskatoon, Sask.	Concrete Forms	N	\$ 256 100	9	25% and 15% of eligible wages and salaries of \$128 440	\$ 83 291
15. Engine Repairs and Supplies Limited	Hammonds Plains, N.S.	Rebuilt Engines	N	\$ 275 515	11	25% and 30% of eligible wages and salaries of \$95 677	\$ 97 582

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>
16. Falcon Machinery (1965) Ltd.	Winnipeg, Man.	Metal Machining and Fabricating	E	\$ 212 100	18	20%	\$ 42 420
17. Geoffrey Peter Tothill	Hilden, N.S.	Trophies	N	\$ 69 567	9	25% and 30% of eligible wages and salaries of \$73 320	\$ 39 388
18. Georges E. Ling Limitée	Warwick, Qué.	Paper Boxes	E	\$ 655 000	11	20%	\$ 131 000 ²
19. Gilles Bégin Lumber Ltd.	Clair, N.B.	Lumber	E	\$ 38 954	2	20%	\$ 7 791
20. Imprimerie du Québec Inc.	St-Hyacinthe, Qué.	Printing	N	\$1 077 420	10	20%	\$ 215 484
21. L & A Machine Works Ltd.	Fredericton, N.B.	Aluminum Dump Bodies and Steel High Mast Poles	NPE	\$ 982 680	43	25% and 30% of eligible wages and salaries of \$512 536	\$ 399 431
22. La Compagnie Just Data Systems du Canada Ltée	Lanoraie, Qué.	Electronic Cash Registers	N	\$ 135 000	30	25% and 15% of eligible wages and salaries of \$333 000	\$ 83 700 ⁰

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
23. La Scierie Boucher Ltée	St-Honoré Shenley, Qué.	Sawmill	EM	\$ 360 000	6	20%	\$ 72 000
24. Lacroix Lumber Limitée	Causapscal, Qué.	Sawmill	NPE	\$ 253 400	18	25% and 15% of eligible wages and salaries of \$156 000	\$ 86 750
25. Lacroix Lumber Limitée	La Nouvelle, Qué.	Sawmill	E	\$ 193 000	10	20%	\$ 38 600
26. LeGay Fiberglass Limited	Waverley, N.S.	Fiberglass Products	N	\$ 185 199	15	25% and 30% of eligible wages and salaries of \$151 881	\$ 91 864
27. Les Ateliers Meubles F.C. Inc.	Dolbeau, Qué.	Kitchen Cupboards and Furniture	N	\$ 35 000	4	25% and 15% of eligible wages and salaries of \$50 000	\$ 16 250
28. Les Editions Marquis Ltée	Montmagny, Qué.	Printing	E	\$ 85 000	9	20%	\$ 17 000 <i>B</i>
29. Les Structures d'Acier Elco Limitée	Cap-de-la Madeleine, Qué.	Steel Frames	N	\$ 152 500	18	20%	\$ 30 500

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. Lund Crafts Co. Ltd.	Cowansville, Qué.	Silk Screened Handicraft Products	N	\$ 128 000	16	25% and 15% of eligible wages and salaries of \$158 000	\$ 55 700
31. Lux Service Ltd.	Humboldt, Sask.	Truck Boxes, Hoists, and Iron Railings	E	\$ 64 555	2	20%	\$ 12 911
32. M. René Lemieux	Princeville, Qué.	Fibreglass Sailboats	N	\$ 280 000	28	25% and 15% of eligible wages and salaries of \$121 600	\$ 88 240
33. MM. Robert & André Veilleux	St-Victor, Qué.	Lighting Fixtures	N	\$ 83 000	11	25% and 15% of eligible wages and salaries of \$102 000	\$ 36 050
34. Mr. Richard Rice	St-Hyacinthe, Qué.	Hydraulic Motors	N	\$ 386 000	45	25% and 15% of eligible wages and salaries of \$437 500	\$ 162 125

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>
35. Northern Customfab Inc.	North Bay, Ont.	Blinds, Shades, Draperies, Track and Bedspreads	N	\$ 106 716	12	25% and 15% of eligible wages and salaries of \$86 213	\$ 39 611
36. Office Général des Eaux Minérales Ltée	St-Justin, Qué.	Mineral Water	N	\$ 64 000	9	25% and 15% of eligible wages and salaries of \$67 000	\$ 26 050
37. Pannex Limited	Winnipeg, Man.	Printing of Newsletters, Magazines and Reports	N	\$ 92 556	9	25% and 15% of eligible wages and salaries of \$96 885	\$ 37 672
38. Pitura Seed Farms Ltd.	Domain, Man.	Seed Grains	EM	\$ 35 475	1	20%	\$ 7 095
39. Plasma and Flame Coatings Ltd.	Winnipeg, Man.	Uhle Box Rods, Pump Sleeves and Screens	N	\$ 222 500	13	25% and 15% of eligible wages and salaries of \$202 000	\$ 85 925
40. Produits Roberto Inc.	St-Damase, Qué.	Chicken-meat Cannery	EM	\$ 250 000	9	20%	\$ 50 000

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
41. South Shore Ready Mix Limited	Chester, N.S.	Ready Mix Concrete	N	\$ 229 500	7	15% and 30% of eligible wages and salaries of \$70 442	\$ 55 553
42. Sylvain's Soils Ltd.	Grand Falls, N.B.	Specially Prepared Soils	N	\$ 110 000	23	25% and 30% of eligible wages and salaries of \$123 250	\$ 54 475
43. Thomas R. Inkpen	Dartmouth, N.S.	Cabinets and Counters	N	\$ 64 418	10	25% and 30% of eligible wages and salaries of \$119 950	\$ 51 534 *
44. Warwick Woollen Mills Co. Ltd.	Warwick, Qué.	Woollen Fabrics	E	\$ 425 000	6	20%	\$ 85 000
45. Winkler Wholesale Meats Ltd.	Winkler, Man.	Slaughtering of Livestock and Meat Processing	E	\$ 135 746	8	20%	\$ 27 149
46. Wm. Pollock & Sons Limited	Englehart, Ont.	Dressed Lumber	NPE	\$ 125 776	7	25% and 15% of eligible wages and salaries of \$53 030	\$ 40 899

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. Dominion Biologicals Limited (March 1976)	Debert, N.S.	Manufacturing of Diagnostic Biological Reagents	N	\$ 88 315	14	25% and 30% of eligible wages and salaries of \$120 120	\$ 58 115
2. Shopost Ironworks Ltd. (July 1975)	Winnipeg, Man.	Manufacturing of Custom Steel Products and Structural Aluminum Products	E	\$ 426 000	27	20%	\$ 85 200

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. Alberta Hardwood (1975) Ltd. (Alberta Aspen Board Limited) (March 1975)	Slave Lake, Alta.						
2. Arcom Timber Limited (August 1974)	Slave Lake, Alta.						
3. Ashton Furniture Manufacturing Company Limited (Dec. 1975)	Arnrior, Ont.						
4. Ceramic Industries of North America Ltd. (Feb. 1976)	Drummondville, Que.						
5. Cie Chaussures Blondeau Ltée (Jan. 1976)	Québec, Qué.						
6. Eddy Jalbert Inc. (April 1975)	St-Romuald, Qué.						
7. Flexi-Coil Ltd. (March 1976)	Saskatoon, Sask.						
8. Les Industries du Hockey Canadien Inc. (May 1975)	Wickham, 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>
9. M. Normand Pronovost (July 1976)	St-Tite, Qué.						
10. Noral Manufacturing Limited (Metwood Manufacturing Limited) (Dec. 1973)	Slave Lake, Alta.						
11. Ojibwa Chemical Company Ltd. (Feb. 1972)	Moncton, N.B.						
12. PAF Engineering Ltd. (Dec. 1975)	Prince Albert, Sask.						
13. Stedfast Screw Co. Ltd. (Stedfast Screw Atlantic Ltd.) (April 1974)	Saint John, N.B.						
14. Super Chrome (Trois-Rivières) Inc. (May 1975)	Trois-Rivières, 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 October 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 OCTOBER 1976

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 may be discharged by the borrower repaying the loan in full or by the lender cancelling the guarantee. A loan may also be discharged after the borrower has defaulted on his loan and the Department has settled a claim with the lender.

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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