

HD  
3646  
C3  
A36  
Nov '76



**Regional  
Economic  
Expansion**

**Expansion  
Économique  
Régionale**

# **REPORT ON REGIONAL DEVELOPMENT INCENTIVES**

**November, 1976**

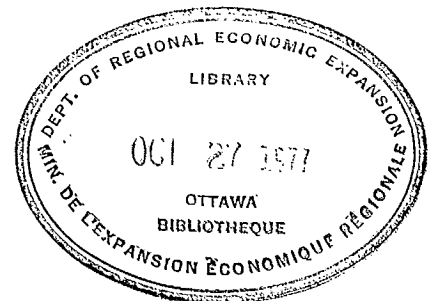
HD  
3646  
C3  
A36  
Nov. 76

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 NOVEMBER, 1976

---

	<u>CONTENTS</u>	<u>PAGE</u>
INTRODUCTION.....		1
PART I	<u>SUMMARY STATISTICS.....</u>	5
	Disposition of Applications and Status of Offers.	
	Table 1 - Incentive Grant Applications.....	7
	Table 2 - Loan Guarantee Applications.....	8
PART II	<u>INCENTIVE GRANT ACTIVITY DURING THE MONTH....</u>	9
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 3 - Incentive Grant Activity.....	11
PART III	<u>LOAN GUARANTEE ACTIVITY DURING THE MONTH.....</u>	24
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 4 - Loan Guarantee Activity.....	25
PART IV	<u>DEFINITIONS.....</u>	26



## 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 November, 1976.

Among other things, it shows:

- (1) that, during the month of November, 1976, 100 applications were received and 47 offers were made;
- (2) that, of the 12 261 applications received since the inception of the program, 6 660 were rejected or withdrawn, and 5 282 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 894; and
- (4) that, against obligations represented by the net total of 3 894 accepted offers, partial payments had been made in 1 639 cases, and final payments had been made in 1 506 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 \$2 753.0 million;

... expected direct new jobs numbering 128 149;

and

... incentive grants of \$584.1 million.

Incentive grants actually paid to date total \$382.0 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 November, 1976.

TABLE 1  
INCENTIVE GRANT APPLICATIONS  
DISPOSITION OF APPLICATIONS AND  
STATUS OF OFFERS - NOVEMBER 1976

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	100	779	12 261
Applications Withdrawn	37	239	3 869
Applications Rejected	12	173	2 791
Offers Made	47	397	5 282
<u>STATUS OF OFFERS MADE</u>			
Offers Made	47	397	5 282
Offers Lapsed	2	16	249
Offers Declined	-	17	338
Offers Accepted	45	390	4 646
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	45	390	4 646
Accepted Offers Declined or Withdrawn	9	75	752
Net Offers Accepted	36	315	3 894
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	36	315	3 894
No Payment Made	-	-	749
Partial Payment Made	44	331	1 639
Final Payment Made	44	349	1 506

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	1	10	306
Applications Withdrawn	2	7	156
Applications Rejected	-	-	81
Offers Made	2	5	62
<u>STATUS OF OFFERS MADE</u>			
Offers Made	2	5	62
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	2	22
Guarantees Discharged	-	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 November 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 NOVEMBER 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. Lapointe & Fils Ltée	St-Romain, Qué.	Wooden Dowels	NPE	\$ 209 100	13	25% and 15% of eligible wages and salaries of \$126 000	\$ 71 175
2. Alcide Gagnon Ltée	Chicoutimi, Qué.	Processing of Meat	E	\$ 79 000	6	20%	\$ 15 800
3. Almex Inc.	St-Augustin, Qué.	Aluminum Sections	N	\$1 831 177	76	25% and \$1 600 per eligible job (69)	\$ 568 194
4. Artistic Iron Works Ltd.	Regina, Sask.	Iron Steps and Railings	N	\$ 256 744	13	25% and 15% of eligible wages and salaries of \$87 183	\$ 77 263
5. Avron Palettes Ltée	St-Sébastien, Qué.	Wood Pallets	N	\$ 107 544	14	25% and 15% of eligible wages and salaries of \$125 000	\$ 45 636 <i>D</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. Calypso Ltd.	West Royalty, P.E.I.	Sun-glasses	N	\$ 729 600	60	25% and 30% of eligible wages and salaries of \$577 170	\$ 355 551 <i>D</i>
7. Code Enterprises Limited	St. John's, Nfld.	Variety Breads and Rolls	N	\$ 121 965	6	25% and 30% of eligible wages and salaries of \$37 422	\$ 41 718
8. Créations B.F. Ltée	Wickham, Qué.	Metal Shelves and Tables	N	\$ 80 300	10	25% and 15% of eligible wages and salaries of \$111 000	\$ 36 725
9. Designcraft Textiles Limited	Lunenburg, N.S.	Specialty Textile Products	N	\$ 359 950	39	25% and 30% of eligible wages and salaries of \$274 215	\$ 172 253 <i>R → 0</i>
10. Drainbec Inc.	Alma, Qué.	Window Trim and Plastic Pipe	NPE	\$ 195 000	5	25% and 15% of eligible wages and salaries of \$48 000	\$ 55 950

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
11. Dubreuil Brothers Limited	Dubreuilville, Ont.	Lumber	EM	\$ 636 228	8	20%	\$ 127 245
12. E.R. McMaster & Sons Limited	Kingston, N.S.	Lumber	(a) E (b) N	(a) \$ 70 000 (b) \$ 442 231	(a) 2 (b) 48	(a) 20% (b) 25% and 30% of eligible wages and salaries of \$157 750	(a) \$ 14 000 (b) \$ 157 883 <i>R</i>
13. Faiencerie Trois-Rivières Ltée	Trois-Rivières, Qué.	Ceramics and Pottery	N	\$5 700 000	175	25% and \$2 400 per eligible job (175)	\$1 845 000 <i>o</i>
14. Forex Inc.	Val D'Or, Qué.	Dressing of Lumber	E	\$ 325 000	26	20%	\$ 65 000
15. Gerco Métal Ltée	Duburger, Qué.	Metal Furniture	E	\$ 392 000	17	20%	\$ 78 400 <i>R</i>
16. Industrie Elite Inc.	St-Nicéphore, Qué.	Unloaders for Silos	N	\$ 96 200	10	25% and 15% of eligible wages and salaries of \$83 500	\$ 36 575
17. Inventronics Limited	Brandon, Man.	Electrical Components and Sheet Metal Products	E	\$ 240 650	20	20%	\$ 48 130

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
18. Island Meat Packers Limited	Ebenezer, P.E.I.	Processing of Meat	EM	\$ 125 000	4	20%	\$ 25 000
19. Labrador Iron Works Limited	Wabush, Labrador, Nfld.	Metal Products and Fittings	NPE	\$ 71 850	4	25% and 30% of eligible wages and salaries of \$58 925	\$ 35 463 * <sup>R</sup>
20. Les Industries de Bois St-Raymond Ltée	St-Raymond, Qué.	Wood Planing and Dry Kilning	E	\$ 47 000	4	20%	\$ 9 400 <sup>D</sup>
21. Les Industries Forestières De La Vallée de la Chaudière Inc.	St-François Ouest, Qué.	Sawmill	N	\$ 130 000	8	25% and 15% of eligible wages and salaries of \$60 000	\$ 41 500 <sup>R</sup>
22. Les Industries Que-Bois Inc.	Louiseville, Qué.	Furniture	N	\$ 906 000	77	25% and 15% of eligible wages and salaries of \$854 500	\$ 354 675
23. Linnvale Steel Ltd.	Saskatoon, Sask.	Fabricated Steel Products	E	\$ 105 000	6	20%	\$ 21 000

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
24. Logan Iron and Metal Co. Ltd.	Winnipeg, Man.	Ferrous and Non Ferrous Metals	EM	\$ 62 500	4	20%	\$ 12 500
25. Machinerie Jacques Couture Inc.	Ste-Cécile de Milton, Qué.	Farm Carts	E	\$ 95 000	5	20%	\$ 19 000
26. Mandak Metal Processors Ltd.	Selkirk, Man.	Scrap Metals	EM	\$ 490 000	18	20%	\$ 98 000
27. Maple Leaf Shoe Co. Ltd.	Sherbrooke, Qué.	Sport Shoes and Boots	N	\$1 070 000	199	19.02% and 10% of eligible wages and salaries of \$1 426 000	\$ 346 100 /
28. Maritime Service and Supply Limited	Stephenville, Nfld.	Mattresses and Box Springs	N	\$ 36 000	6	25% and 30% of eligible wages and salaries of \$58 000	\$ 26 400
29. Mobilier Rustique (Beauce) Inc.	St-Martin, Qué.	Rustic-style Furniture	E	\$ 75 000	5	20%	\$ 15 000

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
30. Mr. A. Sterling MacSwain	Morell, P.E.I.	Packing of Potatoes	(a) E (b)NPE	(a)\$ 47 044 (b)\$ 75 358	(a)- (b)5	(a) 20% (b) 25% and 30% of eligible wages and salaries of \$27 000	(a)\$ 9 409 (b)\$ 27 064
31. Mr. H.R. Buschau	Plumas, Man.	Laminated Structural Units	N	\$ 70 300	4	25%	\$ 17 575 <u>0</u>
32. Mr. L.F. Goebel	Clavet, Sask.	Steel Culverts, Well Cribbing and Granaries	N	\$ 222 500	10	25% and 15% of eligible wages and salaries of \$118 500	\$ 73 400
33. Oxford Foundry & Machine Co. Limited	Truro, N.S.	Deck Machinery, Mooring Winches and Related Items for Shipbuilding	NPE	\$ 952 000	35	25% and 30% of eligible wages and salaries of \$521 927	\$ 394 578
34. Phillips Feed Service Ltd.	Charlottetown, P.E.I.	Animal Feed	N	\$ 157 000	17	25% and 30% of eligible wages and salaries of \$31 500	\$ 48 700

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
35. Produits Forestiers Dufresne Inc.	Val D'Or, Qué.	Sawmill	N	\$2 290 000	62	20% and \$4 000 per eligible job (56)	\$ 682 000 <u>R</u>
36. R.I.L. Industries Enrg.	St-Célestin, Qué.	Metal Feed Bins	E	\$ 51 000	5	20%	\$ 10 200 <u>D</u>
37. Raoul Couturier Lumber Ltée	Baker Brook, N.B.	Sawmill	EM	\$ 56 060	1	20%	\$ 11 212
38. Salaison Olympia Ltée	St-Simon, Qué.	Processing of Meat	E	\$ 510 000	26	20%	\$ 102 000
39. Salaison Robillard Inc.	Sherbrooke, Qué.	Processing of Meat	E	\$ 77 700	2	20%	\$ 15 540 <u>D</u>
40. Sill Plate Gueret Ltée	Drummondville, Qué.	Tool-boxes	E	\$ 92 000	7	20%	\$ 18 400
41. Skyhigh Amusement of Canada Ltd.	Sherbrooke, Qué.	Amusement Park Equipment	N	\$ 804 500	28	25% and 15% of eligible wages and salaries of \$332 000	\$ 250 925 <u>D</u>
42. Thorburn Ltd.	Chicoutimi, Qué.	Hydraulic Rubber Hoses and Power Units	N	\$ 41 000	5	25% and 15% of eligible wages and salaries of \$48 000	\$ 17 450 <u>D</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>
43. Universal Bindery (Manitoba) Ltd.	Winnipeg, Man.	Book Binding and Plastic Laminating	N	\$ 143 750	4	25% and 15% of eligible wages and salaries of \$26 628	\$ 39 931
44. Welk-Um Steel Products Ltd.	Eganville, Ont.	Metal Fireplaces	N	\$ 185 000	45	25% and \$1 190 per eligible job (45)	\$ 99 800
45. Wholesale Industries Ltd.	Regina, Sask.	Prefabricated Housing Components	N	\$1 462 681	19	15% and 15% of eligible wages and salaries of \$142 381	\$ 240 759

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. Antica Inc. (Feb. 1975)	Ste-Anne de la Pérade, Qué.	Furniture of Canadian Antique-style, including Rocking Chairs and Dining Room and Bedroom Furniture	N	\$ 282 000	24	25% and 15% of eligible wages and salaries of \$172 000	\$ 96 300
2. Baie des Chaleurs Cold Storage Ltd. (April 1975)	Caraquet, N.B.	Frozen Herring, Mackerel and Fish Blocks	N	\$ 871 521	41	25% and \$2 150 per eligible job (36)	\$ 295 280
3. Canada Chrome Ltd. (Feb. 1976)	Saint John, N.B.	Processing and Rebuilding of Crankshafts	N	\$ 138,000	6	25% and \$ 3 400 per eligible job (6)	\$ 54,900
4. Equipements Métalliques Nordic Inc. (July 1976)	Ville Vanier, Qué.	Fireproof Equipment	N	\$ 466 400	15	25% and 15% of eligible wages and salaries of \$170 000	\$ 142 100
5. Henri Vallières Inc. (May 1974)	Nicolet, Qué.	Furniture	EM	\$ 710 000	36	20%	\$ 142 000

ACCEPTED OFFERS SUBSEQUENTLY REVISED

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
6. J.H. Huscroft Ltd. and Woodro Timber Ltd. (Jan. 1970)	Erickson, B.C.	Wood Chips and Pattern Lumber	E/NPE	\$ 97 000	10	20% and \$3 000 per eligible job (4)	\$ 31 400
7. La Parmentière de Warwick Inc. (Oct. 1975)	Warwick, Qué.	Manufacturing of Frozen French Fried Potatoes	E	\$ 67 500	8	20%	\$ 13 500
8. Michelin Tires (Canada) Ltd. (June 1976)	Bridgewater, N.S.	Steel Cord and Radial Tires	E	\$3 736 783	77	20%	\$ 747 357
9. Michelin Tires (Canada) Ltd. (June 1976)	Granton, N.S.	Radial Tires	NPE	\$8 454 594	166	20%	\$1 690 919
10. Northern Sintered Metals Inc. (Jan. 1975)	Granby, Qué.	Powdered Metal Parts	E	\$ 155 000	9	20%	\$ 31 000
11. Notre Dame Bay Fisheries Limited (Oct. 1975)	Comfort Cove, Nfld.	Processing of Canned Vegetables, Canned Fish and Barrelled Fish	N	\$ 231 771	10	25% and 30% of eligible wages and salaries of \$108 522	\$ 90 500

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>
12. The Wellman Engineering Corporation Limited (Sept. 1976)	Saint John, N.B.	Nickel Chrome Alloy Castings	N	\$5 351 150	142	25% and 30% of eligible wages and salaries of \$1 988 065	\$1 934 207
13. Timmins Engineered Homes Limited (Timcor Leaseholds Ltd. for Timmins Engineered Homes Limited) (Dec. 1975)	Timmins, Ont.	Manufacturing of Pre-engineered Modular Homes and Related Products	N	\$1 116 090	72	25% and 15% of eligible wages and salaries of \$967 800	\$ 424 193

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 Staples Ltd. (Aug. 1976)	Fredericton, N.B.						
2. Frank Fair Industries Ltd. (Feb. 1972)	Winnipeg, Man.						
3. Island Marine Inc. (July 1975)	Charlottetown, P.E.I.						
4. Kenney & Ross Ltd. (March 1971)	Port Saxon, N.S.						
5. Les Artisanats Dorais Ltée (Jan. 1976)	Bonsecours, Qué.						
6. Micro-Com Electronics Ltd. (June 1971)	Beauséjour, Man.						
7. Reed Ltd. (Dryden Paper Company Limited, Dryden Lumber Division) (Aug. 1974)	Dryden, Ont.						

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. Reed Ltd. (Dryden Paper Company Limited Colenso Lumber Division) (Aug. 1974)	Red Lake Road, Ont.						
9. Welk-Um Steel Products Ltd. (Sept. 1974)	Eganville, Ont.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

Part III consists of Table 4 which provides a complete alphabetic listing for the month of November 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 NOVEMBER 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.



INDUSTRY CANADA/INDUSTRIE CANADA



135679

