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**Regional Economic Expansion,
Économique Régionale**

REPORT ON REGIONAL DEVELOPMENT INCENTIVES



December, 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 DECEMBER, 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	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.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>	21
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 4 - Loan Guarantee Activity.....	22
PART IV	<u>DEFINITIONS.....</u>	23

INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART I - SUMMARY STATISTICS

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

Table 1, which relates to incentive grants, is concerned with the disposition of applications received, and the status of offers made as of the end of December, 1976.

Among other things, it shows:

- (1) that, during the month of December, 1976, 73 applications were received and 51 offers were made;
- (2) that, of the 12 334 applications received since the inception of the program, 6 705 were rejected or withdrawn, and 5 333 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 928; and
- (4) that, against obligations represented by the net total of 3 928 accepted offers, partial payments had been made in 1 533 cases, and final payments had been made in 1 655 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 \$2 751.5 million;

... expected direct new jobs numbering 123 765^{*}
and

... incentive grants of \$581.1 million.

Incentive grants actually paid to date total \$386.3 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 December, 1976.

* As one factor in its continuing efforts to verify incentives data, the department periodically reviews its methods of collecting, compiling and presenting information. Data revisions occasionally result from such reviews but they are usually immaterial, and of negligible impact. When revisions are of a material nature, departmental policy is to identify their nature and amounts, so that Parliament will be aware of the changes involved.

Such a revision appears in this Report. The cumulative number of "expected direct new jobs" cited above incorporates a downward adjustment of 3 892. This adjustment recognizes the effect of decreases in the number of jobs, from those expected, for projects that have been affected, over a period of time, by a partial or total cessation of operations (and a consequential modification, where required, in the incentive payment).

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	73	852	12 334
Applications Withdrawn	23	262	3 891
Applications Rejected	23	196	2 814
Offers Made	51	448	5 333
<u>STATUS OF OFFERS MADE</u>			
Offers Made	51	448	5 333
Offers Lapsed	-	16	249
Offers Declined	1	18	339
Offers Accepted	42	432	4 688
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	42	432	4 688
Accepted Offers Declined or Withdrawn	8	83	760
Net Offers Accepted	34	349	3 928
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	34	349	3 928
No Payment Made	-	-	740
Partial Payment Made	43	374	1 533
Final Payment Made	33	382	1 655

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	1	11	307
Applications Withdrawn	-	7	156
Applications Rejected	-	-	81
Offers Made	-	5	62
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	5	62
Offers Lapsed	1	2	7
Offers Declined	-	-	4
Offers Accepted	3	3	51
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	3	3	51
Accepted Offers Declined or Withdrawn	1	1	15
Net Offers Accepted	2	2	36
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	2	2	36
Guarantees in Operation	-	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 December 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 DECEMBER 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. B & N Holdings Ltd. and Biggar Industries Ltd. and N.W. Peitsch	Winnipeg, Man.	Fibreglass Trailers and Custom Fibreglass Parts	NPE	\$ 495 000	23	25% and 15% of eligible wages and salaries of \$285 052	\$ 166 508
2. Best-Way Radiator Limited	Sudbury, Ont.	Industrial Radiator Cores	NPE	\$ 110 500	8	25% and 15% of eligible wages and salaries of \$93 046	\$ 41 582
3. Bo-Plex Inc.	Drummondville, Qué.	Prefabricated Homes	E	\$ 660 000	75	20%	\$ 132 000
4. Bovitel Inc.	Trois-Rivières, Qué.	Processing of Meat	E	\$ 138 000	10	20%	\$ 27 600
5. Buckland Métal Inc.	Buckland, Qué.	Machine Shop	E	\$ 200 000	5	20%	\$ 40 000

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>
6. Charles B. Alcock, and Fern J. Charbonneau	Sudbury, Ont.	Sports Fishing Rods, Lures and Accessories	N	\$ 42 849	15	25% and 15% of eligible wages and salaries of \$94 300	\$ 24 857
7. Circo Craft Co. Inc.	Granby, Qué.	Printed Circuit Boards	E	\$ 154 700	30	20%	\$ 30 940
8. Clivent Inc.	Ste-Foy, Qué.	Ventilation Shafts, Electrical Boxes and Filing Cabinets	N	\$ 165 000	3	20%	\$ 33 000
9. Ebénisterie Lafrenière Inc.	Shawinigan Sud, Qué.	Canoe Seats	N	\$ 107 816	5	25%	\$ 26 954
10. Exotic Interiors Limited	Renfrew, Ont.	Contemporary Furniture	N	\$ 79 000	28	25% and 15% of eligible wages and salaries of \$250 225	\$ 57 284
11. François Leclerc Ltée	Québec, Qué.	Biscuits	E	\$ 120 000	16	20%	\$ 24 000

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>
12. Glendale (Québec) Ltée	St-Joseph de Beauce, Qué.	Mobile Homes	M	\$ 103 116	-	20%	\$ 20 623 <i>0</i>
13. Henri Bonneville & Fils Inc.	Ste-Marie, Qué.	Doors and Sashes	E	\$ 341 000	18	20%	\$ 68 200
14. Highland Fisheries Limited	Glance Bay, N.S.	Processing of Herring	NPE	\$ 180 000	35	25% and 30% of eligible wages and salaries of \$271 100	\$ 122 000 *
15. Imprimerie Abitibi Inc.	La Sarre, Qué.	Printing Plant	E	\$ 55 000	3	20%	\$ 11 000
16. Internav Ltd.	Point Edward, N.S.	Radio Navigation Receivers	N	\$ 115 000	17	25% and 30% of eligible wages and salaries of \$167 500	\$ 79 000
17. La Compagnie Electrique Pioneer du Québec Inc.	Granby, Qué.	Power Transformers	E	\$ 249 500	20	20%	\$ 49 900

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>
18. Les Chaînes Trempeées Canadiennes R.G. Ltée	St-Georges de Beauce, Qué.	Industrial and Marine Chains	N	\$ 938 300	88	25% and 15% of eligible wages and salaries of \$340 000	\$ 360 575
19. Les Générateurs Victoria Enrg.	Victoriaville, Qué.	Power Units	N	\$ 190 000	10	25% and 15% of eligible wages and salaries of \$127 500	\$ 66 625
20. Les Meubles M.A.P. (Ste-Louise) Inc.	Ste-Louise, Qué.	Furniture and Component Parts	E	\$ 68 000	47	20%	\$ 13 600
21. Les Salaisons Brochu Inc.	St-Henri, Qué.	Processing of Pork	E	\$ 239 000	8	20%	\$ 47 800
22. Les Spécialités de Bois Franc de Cabano Inc.	Cabano, Qué.	Hardwood for Furniture	E	\$ 200 000	15	20%	\$ 40 000
23. Les Textiles Du-Re Ltée	St-Ephrem, Qué.	Spinning Mill	N	\$ 119 000	18	25% and 15% of eligible wages and salaries of \$171 000	\$ 55 400

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>
24. M. Claude Cayouette	St-Hyacinthe, Qué.	Windows and Doors	N	\$ 75 825	9	25% and 15% of eligible wages and salaries of \$73 350	\$ 29 958
25. Maple Leaf Mills Ltd.	Kensington, P.E.I.	Livestock Feeds	N	\$ 172 000	-	25%	\$ 43 000
26. Maritime Farm Implements Ltd.	Middleton, N.S	Farm Implements	N	\$ 91 000	16	25% and 30% of eligible wages and salaries of \$173 444	\$ 72 800 * <i>R</i>
27. Metric Machine Limited	Winnipeg, Man.	Machined Metal Components	N	\$ 132 700	5	25% and 15% of eligible wages and salaries of \$43 162	\$ 39 649
28. Meubles Amqui Furniture Inc.	Amqui, Qué.	Bedroom Furniture	E	\$ 66 000	9	20%	\$ 13 200
29. Meubles Dumont Inc.	Berthierville, Qué.	Furniture	E	\$ 131 000	13	20%	\$ 26 200

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. Murray E. McConnell	Petersfield, Man.	Seed Grain	EM	\$ 55 850	1	20%	\$ 11 170
31. Nilus Leclerc Inc.	L'Isletville, Qué.	Looms and Spinning Wheels	EM	\$ 560 000	14	20%	\$ 112 000
32. Ottawa Valley Grain Products Limited	Cobden, Ont.	Mixed Animal and Poultry Feeds	EM	\$ 178 000	-	20%	\$ 35 600
33. Papiers Shefford Limitée	Granby, Qué.	Paper Bags	N	\$ 424 200	25	25% and 15% of eligible wages and salaries of \$328 000	\$ 155 250
34. Pauls Grinding Industries Ltd.	Winnipeg, Man.	Carbide Tipped Saw Blades and Cutting Tools	N	\$ 50 000	4	25% and 15% of eligible wages and salaries of \$44 950	\$ 19 242
35. Pisciculture St-Mathieu	Canton Figury, Qué.	Processing of Trout	N	\$ 72 700	2	25% and 15% of eligible wages and salaries of \$18 000	\$ 20 875

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
36. Poly Industries	Thunder Bay, Ont.	Fibreglass Pipe and Fittings	NPE	\$ 113 000	9	25% and 15% of eligible wages and salaries of \$92 275	\$ 42 090
37. Pretty Children's Wear Ltd.	St-Didace, Qué.	Children's Dresses and Sportswear	EM	\$ 51 000	10	20%	\$ 10 200
38. Ramtec Ltée	St-Augustin, Qué.	Truck Boxes and Sand Spreaders	N	\$ 460 000	13	20%	\$ 92 000
39. Salaison Acton Inc.	Acton Vale, Qué.	Delicatessen Meats	EM	\$ 100 300	2	20%	\$ 20 060
40. Sometal Atlantic Ltée	Rimouski, Qué.	Steel Structures for Hydroelectric Dams	E	\$ 515 000	22	20%	\$ 103 000
41. The Lake Manufacturing Enterprises Limited	Porter's Lake, N.S.	Cabinets and Furniture	N	\$ 53 000	15	25% and 30% of eligible wages and salaries of \$135 000	\$ 42 400 *
42. Tremblay Ready Mix Ltée	Chibougamau, Qué.	Cement Blocks	E	\$ 61 900	3	20%	\$ 12 380

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. Designcraft Textiles Limited (Nov. 1976)	Lunenburg, N.S.	Specialty Textile Products	N	\$ 40 000	32	25% and 30% of eligible wages and salaries of \$229 335	\$ 32 000 *
2. Les Editions Marquis Ltée (Oct. 1976)	Montmagny, Qué.	Printing	E	\$ 123 000	9	20%	\$ 24 600
3. P.A. Martineau Ltée (March 1976)	St-Gilles, Qué.	Manufacturing Doors and Windows	EM	\$ 377 000	13	20%	\$ 75 400
4. S. F. D'Eon Seafoods Limited (June 1976)	Abbott's Harbour, N.S.	Processing of Herring	N	\$ 483 727	31	25% and 30% of eligible wages and salaries of \$221 991	\$ 187 529

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. A. Lafleur Ltée (May 1975)	Québec, Qué.						
2. A. Lafleur Ltée (Aug. 1975)	Québec, Qué.						
3. Axe Industries Inc. (July 1974)	Drummondville, Qué.						
4. Dominion Hat & Cap Co. Ltd. (May 1975)	Teulon, Man.						
5. Mid Canada Tackle Manufacturing (Nov. 1975)	Winnipeg, Man.						
6. Poissonnerie Boulay Inc. (Aug. 1975)	Anse-à-Valleau, Qué.						
7. The Canadian Chromalox Company Limited (March 1976)	Granby, Qué.						

ACCEPTED OFFERS SUBSEQUENTLY DECLINED OR WITHDRAWN

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
8. White's Trades Limited (July 1975)	Pasadena, Nfld.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

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

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

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

TABLE 4

LOAN GUARANTEE ACTIVITY

DETAILS OF OFFERS ACCEPTED, AND OF OFFERS ACCEPTED
AND SUBSEQUENTLY DECLINED, WITHDRAWN OR REVISED DURING DECEMBER 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>
1. Bond Hotel Company Ltd.	St. John's Nfld.	Hotel	\$2 200 000	40	\$1 600 000	\$ 400 000
2. City Consumers Cooperative Society Limited	St. John's Nfld.	Shopping Centre	\$3 085 000	28	\$2 450 000	\$ 612 500
3. Dixmar Corporation Ltd.	Fredericton, N.B.	Motor Hotel	\$2 610 000	45	\$1 850 000	\$ 350 000

OFFERS ACCEPTED AND SUBSEQUENTLY REVISED

Nil

OFFERS ACCEPTED AND SUBSEQUENTLY DECLINED OR WITHDRAWN

1. Les Hôtels Bolduc et Associés Inc. (Oct. 1972)	Québec, Qué.
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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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