



**Regional  
Economic  
Expansion**

**Expansion  
Économique  
Régionale**



# **REPORT ON REGIONAL DEVELOPMENT INCENTIVES**

**February, 1976**

HD  
3646  
C3  
A36  
Feb. 76  
C.1

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 FEBRUARY, 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	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.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> ....	22
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 4 - Loan Guarantee Activity.....	23
PART IV	<u>DEFINITIONS</u> .....	24

## 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 February, 1976.

Among other things, it shows:

- (1) that, during the month of February, 103 applications were received and 35 offers were made;
- (2) that, of the 11 378 applications received since the inception of the program, 6 234 were rejected or withdrawn, and 4 814 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 526; and
- (4) that, against obligations represented by the net total of 3 526 accepted offers, partial payments had been made in 1 679 cases, and final payments had been made in 1 076 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 \$2 563.9 million;

... expected direct new jobs numbering 124 361;

and

... incentive grants of \$545.1 million.

Incentive grants actually paid to date total \$314.9 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 February, 1976.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	103	1 077	11 378
Applications Withdrawn	28	343	3 624
Applications Rejected	11	215	2 610
Offers Made	35	565	4 814
<u>STATUS OF OFFERS MADE</u>			
Offers Made	35	565	4 814
Offers Lapsed	-	23	233
Offers Declined	3	27	320
Offers Accepted	39	503	4 198
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	39	503	4 198
Accepted Offers Declined or Withdrawn	9	92	672
Net Offers Accepted	30	411	3 526
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	30	411	3 526
No Payment Made	-	-	771
Partial Payment Made	60	521	1 679
Final Payment Made	70	553	1 076

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	2	13	293
Applications Withdrawn	-	10	149
Applications Rejected	-	4	81
Offers Made	-	9	57
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	9	57
Offers Lapsed	-	1	5
Offers Declined	-	0	4
Offers Accepted	-	7	47
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	-	7	47
Accepted Offers Declined or Withdrawn	-	3	14
Net Offers Accepted	-	7	33
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	-	7	33
Guarantees in Operation	1	5	22

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

Part II consists of Table 3 which provides a complete alphabetic listing for the month of February 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 FEBRUARY 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. Audet & Frères Ltée	Val Paradis, Qué.	a) Sawmill	a) M	a) \$ 236 370	a) 8	a) 20%	a) \$ 47 274
		b) Manufacturing of Wood Chips	b) NPE	b) \$ 83 630	b) 2	b) 25%	b) \$ 24 961
							and 15% of eligible wages and salaries of \$27 025
2. Bolduco Inc.	Val Alain, Qué.	Manufacturing of Prefabricated Houses	E	\$ 125 000	12	20%	\$ 25 000
3. Buckland Métal Inc.	Buckland, Qué.	Machine Shop	E	\$ 175 000	7	20%	\$ 35 000
4. Canada Chrome Ltd.	Saint John, N.B.	Processing and Rebuilding of Crankshafts	N	\$ 577 000	10	25% and \$3 700 per eligible job (10)	\$ 181 250
5. Central Graphic Reproductions Ltd.	Winnipeg, Man.	Commercial Printing and Reproduction	N	\$ 361 250	12	25% and 15% of eligible wages and salaries of \$98 000	\$ 105 012

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
6. Ceramic Industries of North America Ltd.	Drummondville, Qué.	Manufacturing of Ceramic Tiles	N	\$10 263 000	201	15% and \$4 500 per eligible job (198)	\$2 430 450 <i>e</i>
7. Constructions R. Massé Inc.	Granby, Qué.	Manufacturing of Kitchen Cupboards	E	\$ 64 000	6	20%	\$ 12 800
8. Continental Knitted Fabrics Inc.	Grand'Mère, Qué.	Manufacturing of Ultra-Fine Knitted Fabrics	NPE	\$ 127 000	4	25% and 15% of eligible wages and salaries of \$48 000	\$ 38 950
9. Daveluyville Jean Inc.	Daveluyville, Qué.	Manufacturing of Children's Jeans and Slacks	N	\$ 295 918	84	25%	\$ 73 980 <i>R</i>
10. Deagan Associates Limited	Sudbury, Ont.	Manufacturing of Industrial and Household Hand Cleaners	N	\$ 185 000	6	25% and 15% of eligible wages and salaries of \$55 850	\$ 54 628 <i>o</i>
11. DeCap Trailer Mfg. Ltd.	Lafleche, Sask.	Manufacturing of Gravel Trailers	N	\$ 117 651	10	25% and 15% of eligible wages and salaries of \$71 760	\$ 40 177

OFFERS ACCEPTED

Company	Plant Location	Product and/or Process	Type of Project	Expected Eligible Cost	Expected Direct New Jobs	Rate of Offer	Estimated Amount of Incentive Grant
12. Dominion Lumber Winnipeg Ltd.	Winnipeg, Man.	Manufacturing of Roof Trusses	E	\$ 438 000	38	20%	\$ 87 600
13. General Machine & Steel Works Ltd.	Oromocto, N.B.	Manufacturing of Material Handling and Pollution Control Equipment	N	\$ 173 900	13	25% and 30% of eligible wages and salaries of \$159 982	\$ 91 470
14. Imprimerie Héon et Nadeau Limitée	Victoriaville, Qué.	Printing Plant	E	\$ 200 000	6	20%	\$ 40 000
15. Jack Berger Ltd.	Winnipeg, Man.	Manufacturing of Colour Separations and Printing Plates	E	\$ 265 000	3	20%	\$ 53 000
16. Lacasse & Frères Limitée, Les Placements Lacasse Inc.	St-Pie, Qué.	Manufacturing of Sewing Machine Cabinets	E	\$ 380 000	33	20%	\$ 76 000
17. Le Meuble Villageois Inc.	St-Benoît, Qué.	Manufacturing of Canadian-Style Furniture	E	\$ 310 000	18	20%	\$ 62 000
18. Les Industries d'Estcourt Inc.	Estcourt, Qué.	Manufacturing of Wood Chips	NPE	\$ 93 000	18	25% and 15% of eligible wages and salaries of \$7 740	\$ 24 411 <i>A</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>
19. Les Industries de Bois St-Raymond Ltée	St-Raymond, Qué.	Wood Drying Plant	E	\$ 60 000	8	20%	\$ 12 000
20. Les Industries Holmont Ltée	La Providence, Qué.	Manufacturing of Swimsuits and Sport Accessories	EM	\$ 27 300	15	20%	\$ 5 460 <u>0</u>
21. Les Industries Langevin Ltée	Ste-Justine, Qué.	Sawmill	N	\$ 147 000	18	25%	\$ 36 750
22. Les Matériaux Blanchet Inc.	St-Pamphile, Qué.	Sawmill	EM	\$1 070 000	34	20%	\$ 214 000
23. Les Ouvertures Mauriciennes Enrg.	St-Boniface, Qué.	Manufacturing of Doors and Frames	EM	\$ 75 000	5	20%	\$ 15 000
24. Les Pneus Métivier Ltée	Thetford Mines, Qué.	Retreading Tires for Trucks	E	\$ 308 000	7	20%	\$ 61 600
25. M. François Cameron	Beebe, Qué.	Manufacturing of Cut Granite Stones	N	\$ 178 000	2	25% and 15% of eligible wages and salaries of \$27 000	\$ 48 550

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
26. M. Gédéon Maheux	St-Joseph de Beauce, Qué.	Manufacturing of Railings, Ornamental Cast Iron Stairs, Fibreglass Awnings and other Metal Products	N	\$ 26 100	7	25% and 15% of eligible wages and salaries of \$38 300	\$ 12 270
27. Maygo Enterprises Limited	Bedford Industrial Park, N.S.	Processing of an Industrial and Commercial Hand Cleaner	N	\$ 32 400	5	25% and 30% of eligible wages and salaries of \$59 250	\$ 25 875
28. Menuiserie P.M. Inc.	St-Raymond, Qué.	Manufacturing of Kitchen and Bathroom Cupboards	E	\$ 35 000	6	20%	\$ 7 000
29. Morden Fine Foods Ltd.	Morden, Man.	Canning of Vegetables	EM	\$ 476 000	17	20%	\$ 95 200
30. Mr. Bernard Jerome	Maria, Qué.	Manufacturing of Snowshoes	N	\$ 31 000	9	25% and 15% of eligible wages and salaries of \$51 000	\$ 15 400
31. Newfoundland Corrugated Box Limited	St. John's, Nfld.	Manufacturing of Corrugated Boxes	N	\$ 605 000	8	25% and 30% of eligible wages and salaries of \$79 000	\$ 174 950

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
32. Permalite Limited	Winnipeg, Man.	Manufacturing of Lamps and Commercial Light Fixtures	N	\$ 240 000	10	25% and 15% of eligible wages and salaries of \$54 800	\$ 68 220 <i>R</i>
33. Ray Machine Shop Inc.	Sept-Iles, Qué.	Manufacturing of Steel Parts	E	\$ 390 000	12	20%	\$ 78 000
34. Raymond Industries Inc.	Sept-Iles, Qué.	Manufacturing of Various Metal Products, Conveyors and Dump Truck Boxes	E	\$ 577 000	33	20%	\$ 115 400
35. Shamrock Seed Service Ltd.	Winkler, Man.	Processing of Seed	N	\$ 70 000	6	25% and 15% of eligible wages and salaries of \$52 450	\$ 25 367
36. Sigma Enterprises Ltd.	Winnipeg, Man.	Manufacturing of Machine Parts	N	\$ 127 250	6	25% and 15% of eligible wages and salaries of \$78 860	\$ 43 641

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>
37. The Manitoba Vegetable Producers' Marketing Board	Winnipeg, Man.	Processing of Vegetables	EM	\$ 185 000	-	20%	\$ 37 000
38. Winpak Ltd.	Winnipeg, Man.	Manufacturing of Laminated Nylon and Polyethylene Packaging Film	N	\$5 338 400	143	20% and \$3 000 per eligible job (143)	\$1 496 680
39. York Tire Service	Winnipeg, Man.	Retreading of Tires	E	\$ 103 000	5	20%	\$ 20 600

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. Charcuterie Roy Inc. (Nov. 1975)	St-Anselme, Qué.	Meat Processing Plant	EM	\$ 590 300	14	20%	\$ 118 060
2. Clyde Everett (1972) Limited (April 1974)	Bridgetown, N.S.	Concrete Blocks	N	\$ 444 522	14	25%	\$ 111 130
3. Didier Refractories Corporation, Didier, Corporation de Produits Refractaires (Messrs R.E.J. Layton and B. Saskin Acting for Canadian Didier Refractories Ltd.) (July 1975)	Bécancour, Qué.	Manufacturing of Refractory High Alumina Bricks and Refractory Monolith Products	N	\$18 399 000	294	22% and \$5 000 per eligible job (218)	\$5 137 780 <i>B</i>
4. Fishery Products Limited (Feb. 1974)	Port aux Choix, Nfld.	Processing Fish	E	\$ 527 000	19	20%	\$ 105 400

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>
5. Ocean Harvesters Limited (Aug. 1972)	Harbour Grace, Nfld.	Fish Meal and Oil	EM	\$ 540 030	5	20%	\$ 108 006
6. Ocean Harvesters Limited (Nov. 1973)	Harbour Grace, Nfld.	Frozen Fish	EM	\$ 160 000	-	20%	\$ 32 000 <sup>R</sup>

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. Best Form Brassiere Co. Ltd. (Oct. 1971)	Cornwall, Ont.						
2. Gomes Yarns Limited (Nov. 1972)	Renfrew, Ont.						
3. Harco Industries Ltd. (Dec. 1975)	Summerside, P.E.I.						
4. Heavy Manufacturing Industries (Oct. 1974)	Sherbrooke, Qué.						
5. Jannock Industries Limited (Atlantic Fish Processors Division Canadian Tuna Company (1965) Limited) (Dec. 1973)	Marystown, Nfld.						

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>
6. John Lewis Industries Ltd. (Aug. 1974)	Grand'Mère, Qué.						
7. Lynwood Industries Ltd. (Sept. 1974)	Plaster Rock, N.B.						
8. Ocean Harvesters Limited (Oct. 1973)	Old Perlican, Nfld.						
9. Tapis P'tiso Carpets Ltd. (Jan. 1976)	St. Jacques, N.B.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

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

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 any loss on a loan being made to the applicant. Such an agreement can only be executed when the applicant and the lender complete the loan arrangements. The original offer to the applicant by the Department is in the form of a letter of intent, a copy of which is sent to the prospective lender. Acceptance of the letter of intent by both parties is considered as an "offer accepted". If the applicant fails to complete his loan arrangements, the offer is "withdrawn". If the applicant abandons his project or completes his loan arrangements without the guarantee, the offer is "declined". Once the Department has completed an agreement with the lender, there is a "guarantee in operation".

A loan guarantee applicant discharges his loan obligations directly with the lender, reducing at the same time the potential liability of the Department.

TERMS USED IN PART II

Company - The legal corporate or organization identification of the applicant at the time of his acceptance of an offer of incentive assistance.

Plant Location - The name used is that which Statistics Canada uses to identify the specific geographic location of the plant or facility.

Product or Process - The nature of the product or process.

Type of Project -

N - New Plant - a new facility, the word facility being used as defined in the Regional Development Incentives Act and Regulations.

N.P.E. - New Product Expansion - an addition to an existing facility to manufacture or produce a product not previously manufactured or produced by the applicant.

E - Expansion - an addition to an existing facility to increase the output of the products presently being manufactured or produced.

M - Modernization - a change in an existing facility designed primarily to reduce production costs or improve product quality.

N.C.F. - New Commercial Facility - a new facility designed to provide a service rather than to undertake manufacturing or processing.

Expected Eligible Cost - The capital costs of a project, as estimated by the Department on the basis of information supplied by an applicant, covering only costs that are eligible under the Regional Development Incentives Act and Regulations.

Expected Direct New Jobs - The number of jobs to be created directly by the project, as estimated by the Department on the basis of information supplied by the applicant.

Eligible Direct Jobs - The Regional Development Incentives Act and Regulations define specific conditions under which a job-related incentive can be paid. Where an offer containing a job-related incentive has been made, the Department evaluates the estimate made by the applicant of the eligible jobs to be created. This number is declared in the offer as the expected number of eligible jobs, and is the Departmental estimate of the number of jobs on which payment will be based, whether as a percentage of the wages and salaries relating to those jobs, or as an amount per job.

Rate of Offer - The rate of offer defines the terms under which grant payments will be made. These are expressed as a percentage of eligible capital costs and/or a dollar amount per eligible direct job to be created or a percentage of the approved wages and salaries relating to the eligible jobs. The terms are based on the Departmental evaluation of the application.

Estimated Amount of Incentive Grant - The Departmental estimate of the grant likely to be paid, based on evaluation of the proposed project. An Estimated Incentive Grant in this report indicates the original estimate, and subsequent formal revisions thereto; or actual payments where final inspection and payment has been made.

#### TERMS USED IN PART III

Type of Operation - A description of the product and process.

Expected Capital Cost - Total capital costs associated with fixed assets, as estimated by the Department on the basis of information supplied by the applicant. At the time the project becomes operational, this figure is amended, if necessary, to indicate actual investment.

Loan Amount - The total value of the original loan to be guaranteed.

Maximum Amount of Loan Guarantee - The initial amount of the loan guarantee, expressed as a percentage of the total loan.

INDUSTRY CANADA/INDUSTRIE CANADA



135670

