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**Regional
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REPORT ON REGIONAL DEVELOPMENT INCENTIVES

April, 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 APRIL 1976

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INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART I - SUMMARY STATISTICS

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

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

Among other things, it shows:

- (1) that, during the month of April, 117 applications were received and 53 offers were made;
- (2) that, of the 11 599 applications received since the inception of the program, 6 310 were rejected or withdrawn, and 4 938 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 625; and
- (4) that, against obligations represented by the net total of 3 625 accepted offers, partial payments had been made in 1 675 cases, and final payments had been made in 1 189 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 \$2 612.4 million;

... expected direct new jobs numbering 125 289;

and

... incentive grants of \$555.0 million.

Incentive grants actually paid to date total \$343.1 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 April 1976.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	117	117	11 599
Applications Withdrawn	27	27	3 671
Applications Rejected	14	14	2 639
Offers Made	53	53	4 938
<u>STATUS OF OFFERS MADE</u>			
Offers Made	53	53	4 938
Offers Lapsed	2	2	236
Offers Declined	3	3	325
Offers Accepted	53	53	4 309
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	53	53	4 309
Accepted Offers Declined or Withdrawn	5	5	684
Net Offers Accepted	48	48	3 625
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	48	48	3 625
No Payment Made	-	-	761
Partial Payment Made	55	55	1 675
Final Payment Made	52	52	1 189

TABLE 2
LOAN GUARANTEE APPLICATIONS
DISPOSITION OF APPLICATIONS AND
STATUS OF OFFERS - APRIL 1976

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	3	3	299
Applications Withdrawn	-	-	149
Applications Rejected	-	-	81
Offers Made	-	-	57
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	-	57
Offers Lapsed	-	-	5
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	1	23
Guarantees Discharged	-	-	2

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

Part II consists of Table 3 which provides a complete alphabetic listing for the month of April 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 APRIL 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.A. Kroeker & Sons Ltd.	Portage la Prairie, Man.	Processing of Carrots	EM	\$ 99 000	1	20%	\$ 19 800
2. Abattoir St-Félicien Ltée	St-Félicien, Qué.	Slaughter House	E	\$ 275 000	12	20%	\$ 55 000
3. Acadian Fishermen's Co-operative Association Limited	Abram's Village, P.E.I.	Processing of Fish	M	\$ 89 200	3	20%	\$ 17 840
4. Antigonish Poultry Limited	Antigonish, N.S.	Processing of Poultry, Cattle and Hogs	N	\$ 283 522	25	25% and 30% of eligible wages and salaries of \$239 500	\$ 142 731
5. Atelier de Mécanique Acton	Acton Vale, Qué.	Manufacturing of Machine-Finished Steel Components	E	\$ 102 000	2	20%	\$ 20 400

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>
6. Automotive Remanufacturing Co. Ltd.	Regina, Sask.	Remanufacturing of Used Automotive Parts	EM	\$ 786 000	-	20%	\$ 157 200
7. Baie Chaleur Packers Ltd.	Bas Caraquet, N.B.	Processing of Pickled Herring	NPE	\$ 85 000	18	25% and 30% of eligible wages and salaries of \$103 565	\$ 52 320
8. Bidgood's Wholesale Limited	Goulds, Nfld.	Manufacturing of Bakery Products	N	\$ 50 000	7	25% and 30% of eligible wages and salaries of \$50 600	\$ 27 680
9. Borchardt Concrete Products	Arcadia, N.S.	Manufacturing of Concrete Septic Tanks and Other Precast Products	E	\$ 32 120	2	20%	\$ 6 424
10. Charlottetown Pottery Limited	West Royalty, P.E.I.	Manufacturing of Artcraft Pottery	N	\$ 139 200	12	25% and 30% of eligible wages and salaries of \$100 327	\$ 64 898
11. Cobequid Ceramics Limited	Truro, N.S.	Processing of Clay Slip and Moist Modeling Clay	N	\$ 53 400	10	25% and 30% of eligible wages and salaries of \$27 500	\$ 21 500

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
12. Comptoir Avicole des Aulnaies Inc.	St-Roch-des-Aulnaies, Qué.	Processing of Poultry	EM	\$ 195 000	6	20%	\$ 39 000
13. Confection Stornoway Inc.	Stornoway, Qué.	Manufacturing of Clothing	E	\$ 56 315	20	20%	\$ 11 263
14. Crèmerie des Trois-Rivières Limitée	Trois-Rivières, Qué.	Dairy	M	\$ 335 000	-	20%	\$ 67 000
15. Crol Inc.	St-Elie d'Orford, Qué.	Manufacturing of Chimney-Cowls and the Shells for Barbecues	E	\$ 86 100	8	20%	\$ 17 220
16. Crosby Molasses Company Limited	Saint John, N.B.	Processing of Molasses and Related Food Products	EM	\$ 804 050	22	20%	\$ 160 810
17. Ewing & Records Inc.	Ayers Cliff, Qué.	Manufacturing of Rolled Steel Ribs for Tunnel Support	E	\$ 165 000	7	20%	\$ 33 000
18. Fibre de Verre Douville Inc.	Ste-Madeleine, Qué.	Manufacturing of Fibreglass Products	N	\$ 137 000	6	25% and 15% of eligible wages and salaries of \$63 500	\$ 43 775

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
19. Grainmaster Manufacturing Ltd.	Winnipeg, Man.	Manufacturing of Truck Boxes	E	\$ 250 000	10	20%	\$ 50 000
20. Grand'Mère Mills Inc.	Grand'Mère, Qué.	Manufacturing of Worsted Spun Yarn	E	\$ 195 000	-	20%	\$ 39 000
21. Great Lakes Carbon Corporation (Canada) Ltd.	Berthierville, Qué.	Manufacturing of Artificial Graphite Electrodes	EM	\$13 536 551	65	10%	\$1 353 655
22. Hafner Fabrics of Canada Ltd.	Granby, Qué.	Knitting of Elastic Tricot Powernet	NPE	\$ 431 000	10	25% and 15% of eligible wages and salaries of \$90 000	\$ 121 250
23. Imatek Inc.	West Royalty, P.E.I.	Manufacturing of Colour Recorders	N	\$ 120 000	4	25% and 30% of eligible wages and salaries of \$74 454	\$ 50 000 *
24. Impérial Converters Co. Ltd.	Causapscal, Qué.	Manufacturing of T-Shirts	N	\$ 322 000	105	12% and \$1 500 per eligible job (99)	\$ 187 140

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>
25. Jamil Ltée	St-Hyacinthe, Qué.	Processing of Sawdust Flour	N	\$ 95 300	11	25% and 15% of eligible wages and salaries of \$72 500	\$ 34 700
26. Jouets Prince-Yal Inc.	Princeville, Qué.	Manufacturing of Wooden Toys	E	\$ 54 000	4	20%	\$ 10 800
27. La Miche Sans Pareille Ltée	St-Léon le Grand, Qué.	Bakery	E	\$ 37 000	2	20%	\$ 7 400
28. Ledden Industries Limited	Québec City, Qué.	Processing of Vegetable Oils: Palm, Coconut and Rapeseed Oils	N	\$1 293 000	25	25% and 15% of eligible wages and salaries of \$317 000	\$ 370 800
29. Les Equipements Hardy Inc.	Portneuf, Qué.	Manufacturing of Agricultural Loaders and Log-Handling Tools	E	\$ 70 000	7	20%	\$ 14 000
30. Les Fibres Industrielles C.G. Inc.	Princeville, Qué.	Manufacturing of Fibreglass Products	E	\$ 70 000	5	20%	\$ 14 000

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
31. Les Industries de Bois St-Raymond Ltée	St-Raymond, Qué.	Processing of Fire Retardant and Corrosion Resistant Wood Product	NPE	\$ 450 000	26	25% and 15% of eligible wages and salaries of \$163 000	\$ 136 950
32. Les Métaux de Mont-Joli Inc.	Ste-Luce, Qué.	Processing of Steel Scrap	N	\$ 250 000	23	25% and 15% of eligible wages and salaries of \$217 332	\$ 95 100
33. Les Papiers Denis et Robert Inc.	Granby, Qué.	Processing of Scrap Paper that will be Shredded and Compacted for Recycling by Paper Mills	NPE	\$ 268 630	15	25% and 15% of eligible wages and salaries of \$20 200	\$ 70 188
34. Les Produits du Chef Syl Inc.	Giffard, Qué.	Manufacturing of Bases for Soups and Gravies	EM	\$ 42 000	4	20%	\$ 8 400
35. Maisons Temiscabi Inc.	Noranda, Qué.	Manufacturing of Prefabricated Houses	N	\$ 79 360	14	25% and 15% of eligible wages and salaries of \$130 200	\$ 39 370

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. Menuiserie Joliette Inc.	Sept-Iles, Qué.	Manufacturing of Kitchen Cupboards, Doors and Windows	E	\$ 43 750	8	20%	\$ 8 750
37. Meubles Dumont Inc.	Berthierville, Qué.	Manufacturing of Wooden Furniture	E	\$ 35 000	5	20%	\$ 7 000
38. Meubles Li-Co Enrg.	Louiseville, Qué.	Manufacturing of Wooden Furniture	N	\$ 71 000	25	20%	\$ 14 200
39. Mr. Donald R. Salkeld	Teulon, Man.	Processing of Geese and Ducks	N	\$ 118 950	7	25% and 15% of eligible wages and salaries of \$56 982	\$ 38 284
40. Mr. Jacob Derksen	Letellier, Man.	Manufacturing of Ready-Mix Concrete	N	\$ 147 221	5	25% and 15% of eligible wages and salaries of \$41 800	\$ 43 075
41. Mr. Orville Middleton	Saskatoon, Sask.	Manufacturing of Recapped Tires	N	\$ 53 500	3	25% and 15% of eligible wages and salaries of \$39 600	\$ 19 315

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>
42. Paul-Emile Desmarais	St-Tite, Qué.	Soft Drink	N	\$ 70 000	7	25%	\$ 17 500
43. Périlac Inc.	Alma, Qué.	Sawmill and Planing Mill	N	\$ 650 745	41	25% and 15% of eligible wages and salaries of \$621 740	\$ 255 947
44. Périlac Inc.	Chute des Passes Dangereuses, Qué.	Sawmill	N	\$1 121 925	31	25% and 15% of eligible wages and salaries of \$438 230	\$ 346 216
45. Procédures, Systèmes & Méthodes (P.S.M.) 1972 Inc.	Ste-Foy, Qué.	Manufacturing of Plastic Credit Cards	E	\$ 181 500	8	20%	\$ 36 300
46. Residential Concrete Products Limited	Windsor Junction, N.S.	Manufacturing of Precast Concrete Steps and Related Concrete Products	N	\$ 389 405	30	25% and 30% of eligible wages and salaries of \$262 425	\$ 176 079
47. Saro Métal Inc.	St-Romuald, Qué.	Manufacturing of Steel Filing Cabinets	E	\$ 500 000	33	20%	\$ 100 000

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>
48. Soil Enrichment Limited	Tiny Parrish Road, N.S.	Processing of Organic Fertilizer	N	\$ 149 043	14	25% and 30% of eligible wages and salaries of \$159 461	\$ 85 099
49. Vêtements St-François Ltée	St-François-du-Lac, Qué.	Manufacturing of Jeans and Related Products	E	\$ 150 000	53	20%	\$ 30 000
50. Vitrierie Ferme-Neuve Enrg.	Ferme-Neuve, Qué.	Manufacturing of Doors and Windows	E	\$ 33 195	4	20%	\$ 6 639
51. Weldon's Concrete Products Limited	Saskatoon, Sask.	Manufacturing of Precast Concrete Products	EM	\$ 840 000	5	20%	\$ 168 000
52. Western Machine Works Ltd.	Winnipeg, Man.	Manufacturing and Rebuilding of Machinery and Machinery Parts	E	\$ 56 100	5	20%	\$ 11 220
53. Winkler Grandeur Mobile Homes Ltd.	Winkler, Man.	Manufacturing of Mobile Homes	N	\$ 407 825	49	25% and 15% of eligible wages and salaries of \$440 000	\$ 167 956

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. Chemcrest Corporation Ltd. (March 1975)	Winnipeg, Man.	Manufacturing of Polyurethane Products	N	\$ 232 000	13	25% and 15% of eligible wages and salaries of \$128 336	\$ 77 250
2. La Scierie Parent Inc. (Aug. 1975)	Parent, Qué.	Sawmill	N	\$1 818 360	95	25% and 15% of eligible wages and salaries of \$471 000	\$ 525 240
3. Les Industries Flamand Ltée (March 1976)	St-Agapit, Qué.	Manufacturing of Doors and Windows	EM	\$ 212 000	-	20%	\$ 42 400

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. Crocus Food Products Ltd. (March 1976)	Selkirk, Man.						
2. Les Industries Holmont Ltée (Feb. 1976)	La Providence, Qué.						
3. St. Anthony Lathing Mills Ltd. (Dec. 1975)	St. Anthony, N.B.						
4. X Béton Inc. (Oct. 1974)	St-Nicolas, Qué.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

Part III consists of Table 4 which provides a complete alphabetic listing for the month of April 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 APRIL 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>
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Nil

OFFERS ACCEPTED AND SUBSEQUENTLY REVISED

Nil

OFFERS ACCEPTED AND SUBSEQUENTLY DECLINED OR WITHDRAWN

Nil

PART IV - DEFINITIONS

TERMS USED IN PART I

Application - A submission, in the approved form, by an applicant requesting a development incentive. Each application is normally restricted to a development on a single site, but one application may relate to a modernization, an expansion, a new product expansion or a complete new facility, or to some combination of these. An application covering a combined development is normally counted and reported as a single application, but each individual type of project is evaluated separately.

Received - An application delivered to the Department. The date of receipt is the first control date, and is used for reporting and determining conditions of "prior commitment" as defined in the Regional Development Incentives Act and Regulations.

Withdrawn - An application withdrawn, at the request of the applicant, after receipt but before or during evaluation.

Rejected - An application turned down, under the provisions of the governing statute, because the project in question is considered ineligible, would proceed without incentive assistance or would not make a significant contribution to economic expansion and social adjustment within a designated region or special area.

Development Incentive - A development grant that is non-repayable, an incentive that is repayable under specific terms and conditions, or an incentive that is repayable provided the project achieves a certain level of profitability or other objective specified in the offer and accepted by the applicant. These latter two types of development incentives are frequently referred to as repayable grants.

Offer Made - When an application has been evaluated and an estimate made of the grant or loan guarantee required to assure that the proposed project can be brought into commercial production, the applicant is offered an incentive, subject to specified conditions. The date of the offer establishes the second control date for reporting and management.

Lapsed - When the applicant in receipt of an offer does not return a formal acceptance within ninety days, the offer is deemed to have lapsed and the applicant is so advised.

Withdrawn - When an incentive offer is withdrawn, prior to acceptance, because of new information justifying such action.

Declined - When the applicant formally declines an offered incentive.

Offer Accepted - An offer of incentive assistance is accepted when the applicant returns a signed copy of the offer within ninety days from the date of the offer. In accepting an offer, the applicant agrees to the latest date on which construction will begin.

Withdrawn - When, prior to making payment, the Department determines that the contractual commitments relating to a project were made before the application was filed, or that other legal requirements were not met, and takes action to withdraw the offer in question.

Declined - When the applicant formally advises the Department that he does not intend to proceed with a project following his acceptance of an offer relating to it.

No Payment Made - No payment can be made to an applicant until the facility is certified as being in "commercial production", a condition defined in the Regional Development Incentives Act and Regulations. This requires an on-site inspection and audit by an officer authorized to act on behalf of the Minister.

Partial Payment Made - When commercial production of the facility has been certified and one or more payments have been made in relation to the offered incentive, but final payment has not been made.

Final Payment Made - When the facility has been in commercial production for the prescribed period, a final inspection is made by the Department, and if all conditions specified in the accepted offer and in the governing Act and Regulations have been met, a final payment is made. The final payment cannot be made until twenty-four months after the certified date of commercial production when the incentive is based only on approved capital costs; or until thirty-six months after the certified date of commercial production when the incentive is based in part on either the wages and salaries relating to eligible jobs created, or on the number of jobs created in the operation.

Application of Terms to Loan Guarantees

The aforementioned definitions apply to both incentive grants and loan guarantees, except that there are no payments to applicants with loan guarantees.

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

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

TERMS USED IN PART II

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

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

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

Type of Project -

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

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

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

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

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

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

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

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

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

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

TERMS USED IN PART III

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

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

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

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

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