



**Regional
Economic
Expansion**

**Expansion
Économique
Régionale**

**REPORT ON
REGIONAL DEVELOPMENT
INCENTIVES**

May, 1976

HD
3646
C3
A36
May 76

HD
3646
C3
A36
May 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 MAY 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	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.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	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.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 May 1976.

Among other things, it shows:

- (1) that, during the month of May, 107 applications were received and 57 offers were made;
- (2) that, of the 11 706 applications received since the inception of the program, 6 380 were rejected or withdrawn, and 4 995 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 664; and
- (4) that, against obligations represented by the net total of 3 664 accepted offers, partial payments had been made in 1 663 cases, and final payments had been made in 1 237 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 \$2 623.4 million;

... expected direct new jobs numbering 125 302;

and

... incentive grants of \$557.9 million.

Incentive grants actually paid to date total \$349.8 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 May 1976.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	107	224	11 706
Applications Withdrawn	38	65	3 707
Applications Rejected	36	50	2 673
Offers Made	57	110	4 995
<u>STATUS OF OFFERS MADE</u>			
Offers Made	57	110	4 995
Offers Lapsed	-	2	236
Offers Declined	1	4	326
Offers Accepted	47	100	4 356
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	47	100	4 356
Accepted Offers Declined or Withdrawn	8	13	692
Net Offers Accepted	39	87	3 664
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	39	87	3 664
No Payment Made	-	-	764
Partial Payment Made	36	91	1 663
Final Payment Made	46	98	1 237

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	-	3	299
Applications Withdrawn	1	1	150
Applications Rejected	-	-	81
Offers Made	1	1	58
 <u>STATUS OF OFFERS MADE</u>			
Offers Made	1	1	58
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	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 May 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 MAY 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. Albert Perron Inc.	St-Prime, Qué.	Manufacturing of Cheese and Butter	E	\$ 385 000	3	20%	\$ 77 000
2. Boccam Inc.	St-Georges, Qué.	Manufacturing of Interior and Exterior Wooden Doors	E	\$ 150 000	12	20%	\$ 30 000
3. Boulangerie Landreville Ltée	Mont-Joli, Qué.	Manufacturing of Bread, Doughnuts, Buns, and Pizza Dough	E	\$ 78 000	5	20%	\$ 15 600
4. C.H. Bernier & Fils Ltée	Carleton, Qué.	Manufacturing of Patio Furniture	E	\$ 53 100	10	20%	\$ 10 620
5. Chapleau Lumber Company Limited	Chapleau, Ont.	Lumber	M	\$ 403 571	3	20%	\$ 80 714

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. Claude Grenier Inc.	Daveluyville, Qué.	Manufacturing of Panels, Chairs and Furniture Components	N	\$ 77 500	10	25% and 15% of eligible wages and salaries of \$88 000	\$ 32 575 ²
7. Crestline Coach Ltd.	Saskatoon, Sask.	Manufacturing of Ambulances and Hearses	N	\$ 56 885	4	25% and 15% of eligible wages and salaries of \$15 500	\$ 16 546
8. Drain Grenier Inc.	Deschailions, Qué.	Manufacturing of Agricultural Drains and Chimney Tiles	N	\$ 70 000	11	25% and 15% of eligible wages and salaries of \$40 000	\$ 23 500
9. Emboutissage G.M.M. Ltée	St-Joseph de Coleraine, Qué.	Manufacturing of Machine - Finished Metal Parts	N	\$ 40 000	10	25% and 15% of eligible wages and salaries of \$75 000	\$ 21 250
10. Fonderie St-Romuald Inc.	St-Romuald, Qué.	Foundry	E	\$ 272 000	5	20%	\$ 54 400
11. Fraser Companies Limited	Kedgwick, N.B.	Dressed Lumber	M	\$ 600 000	31	20%	\$ 120 000

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. George R. Shaw	Stephenville, Nfld.	Manufacturing of Spiral Wound Paper Tubes	N	\$ 108 800	8	25% and 30% of eligible wages and salaries of \$84 855	\$ 52 657
13. Haul-er Manufacturing Ltd.	Regina, Sask.	Manufacturing of Truck Bodies and Hoists	N	\$ 333 150	34	25% and 15% of eligible wages and salaries of \$336 386	\$ 133 744
14. Imprimerie Gagné Ltée	St-Justin, Qué.	Printing Plant	E	\$ 409 000	15	20%	\$ 81 800
15. Industries NRC Inc.	Ste-Madeleine, Qué.	Manufacturing of Hydraulic Equipment for Tow Trucks	NPE	\$ 26 000	8	25% and 15% of eligible wages and salaries of \$42 200	\$ 12 830
16. Joseph Audet Ltée	Ste-Rose de Watford, Qué.	Sawmill	N	\$ 300 000	14	25%	\$ 75 000
17. Karhu-Pinso Canada Ltd.	Cowansville, Qué.	Manufacturing of Cross Country Skis	N	\$ 347 000	54	25% and 15% of eligible wages and salaries of \$705 000	\$ 192 500

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. Kromar Printing Ltd.	Winnipeg, Man.	Commercial Printing	E	\$ 171 000	11	20%	\$ 34 200
19. Kux Industries Ltd.	West Royalty, P.E.I.	Manufacturing of Optical Frames and Sunglasses	N	\$ 80 000	9	25% and 30% of eligible wages and salaries of \$109 500	\$ 52 850 ³
20. Lelièvre, Lelièvre & Lemoignan Limitée	Ste-Thérèse, Qué.	Processing of Fresh and Frozen Sole and Cod Fillets	NPE	\$ 71 000	38	25% and 15% of eligible wages and salaries of \$95 000	\$ 32 000
21. Léo Cauchon Ltée	Château Richer, Qué.	Sawmill	EM	\$ 170 000	3	20%	\$ 34 000
22. Les Bois Girardin Ltée	Waterville, Qué.	Manufacturing of Pallets	E	\$ 45 000	4	20%	\$ 9 000
23. Les Industries Bellechasse Inc.	St-Raphael de Bellechasse, Qué.	Manufacturing of Cross Country Skis	NPE	\$ 198 000	41	25% and 15% of eligible wages and salaries of \$333 800	\$ 99 570
24. Les Industries G.E. Gilbert Inc.	Sherbrooke, Qué.	Machine Shop	N	\$ 108 900	7	25% and 15% of eligible wages and salaries of \$46 000	\$ 34 125

OFFERS ACCEPTED

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
25. Life Savers Limited	Amherst, N.S.	Manufacturing of Sugarless Chewing Gum	NPE	\$ 679 530	18	25% and 30% of eligible wages and salaries of \$162 282	\$ 218 568
26. M. Denis Bessette	Granby, Qué.	Commercial Printing	N	\$ 34 000	7	25% and 15% of eligible wages and salaries of \$52 000	\$ 16 300
27. M.W. Graves and Company Limited	Kentville, N.S.	Manufacturing of Canned Frozen Citrus Juices	NPE	\$ 78 000	3	25% and 30% of eligible wages and salaries of \$21 000	\$ 25 800
28. Meublex Inc.	Cap-de-la-Madeleine, Qué.	Manufacturing of Frames for Beds	E	\$ 64 683	5	20%	\$ 12 937
29. Mr. Bob Quinlan Quinlan Quality Meats	Unity, Sask.	Processing of Beef and Hog Carcasses	N	\$ 48 625	2	25% and 15% of eligible wages and salaries of \$4 500	\$ 12 831

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. Nadwood Corp.	Bishopton, Qué.	Manufacturing of Machined and Glued Wood Assemblies for Furniture Doors and Drawers	N	\$ 525 000	34	25% and 15% of eligible wages and salaries of \$305 500	\$ 177 075
31. Nu-Fab Building Products Ltd.	Saskatoon, Sask.	Manufacturing of Pre-Fabricated Housing Components	N	\$ 571 360	62	25% and 15% of eligible wages and salaries of \$695 457	\$ 247 158
32. Paul St. Amand and Dan Dion	Hanmer, Ont.	Manufacturing of Automotive Radiators	N	\$ 39 222	6	25% and 15% of eligible wages and salaries of \$75 105	\$ 21 071
33. Pêcheurs Unis du Québec	St-Maurice de l'Echouerie, Qué.	Processing of Fish	EM	\$ 91 850	6	20%	\$ 18 370
34. Pneus Supra Inc.	St-Pascal, Qué.	Tire Retreading	E	\$ 150 000	10	20%	\$ 30 000 <u>D</u>
35. Quebec Land & Realty Company	Cross Point, Qué.	Sawmill	E	\$ 150 000	8	20%	\$ 30 000
36. S.S. Manufacturing Ltd.	Winnipeg, Man.	Manufacturing of Hydraulic Truck Hoists	E	\$ 220 000	8	20%	\$ 44 000

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>
37. Sécurifort Inc.	Tingwick, Qué.	Manufacturing of Domestic Safes, Fire-Proof Cabinets and other Light Security Equipment	NPE	\$ 207 200	19	25% and 15% of eligible wages and salaries of \$160 000	\$ 75 800
38. South Shore Industries Ltd.	Laurierville, Qué.	Manufacturing of Bedroom Furniture	E	\$ 210 000	32	20%	\$ 42 000
39. Splendour Products Limited	West Royalty, P.E.I.	Manufacturing of Shopping Carts	N	\$ 57 630	8	25% and 30% of eligible wages and salaries of \$73 500	\$ 36 458
40. Sterling Structures Company Ltd.	Weyburn, Sask.	Manufacturing of Industrial and Institutional Housing	N	\$ 114 874	48	25% and 15% of eligible wages and salaries of \$595 644	\$ 91 899* <i>0</i>
41. Superior Home Bakery Limited	Sault Ste. Marie, Ont.	Manufacturing of Bakery Products	EM	\$ 461 100	11	20%	\$ 92 220
42. Systems Equipment Ltd.	Winnipeg, Man.	Manufacturing of Business Forms	E	\$ 132 000	5	20%	\$ 26 400

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>
43. Tenco Inc.	St-Valérien, Qué.	Manufacturing of Hydraulic Cylinders and Related Products	N	\$ 832 500	35	25% and 15% of eligible wages and salaries of \$349 000	\$ 260 475
44. The Trading Post Ltd.	Saskatoon, Sask.	Manufacturing of Moccasins, Mukluks and Handicrafts	N	\$ 86 958	17	25% and 15% of eligible wages and salaries of \$117 920	\$ 39 427
45. Trend Interior Consultants Ltd.	Winnipeg, Man.	Manufacturing of Draperies, Bedspreads and Window Shades	N	\$ 40 050	8	25% and 15% of eligible wages and salaries of \$47 500	\$ 17 137
46. Victoriaville Upholstering Limited	Victoriaville, Qué.	Manufacturing of Upholstered Furniture	EM	\$ 889 000	31	20%	\$ 177 800
47. West Royalty Hydraulics Ltd.	West Royalty, P.E.I.	Manufacturing of Heavy Hydraulic Systems	N	\$ 89 932	9	25% and 30% of eligible wages and salaries of \$106 135	\$ 54 324

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
1. Abattoir Giroux Inc. (Dec. 1975)	Bromptonville, Qué.	Slaughterhouse	E	\$ 199 300	15	20%	\$ 39 860
2. Abitibi Paper Company Limited (June 1974)	White River, Ont.	Lumber	N	\$11 335 588	121	5% and \$5 000 per eligible job (121)	\$1 171 829
3. CANA Furniture Products Ltd. (L.B. Hornby and M.G. Cushner) (Jan. 1975)	Nelson, B.C.	Manufacturing of Lawn and Patio Furniture	N	\$ 52 000	5	25% and 15% of eligible wages and salaries of \$60 500	\$ 22 075
4. E.T. Screen & Glass Inc. (Jan. 1976)	Sherbrooke, Qué.	Manufacturing of Sealed Window Units including a Screen and Vinyl Frame	E	\$ 180 300	33	20%	\$ 36 060
5. Grand'Mère Mills Inc. (April 1976)	Grand'Mère, Qué.	Manufacturing of Worsted Spun Yarn	E	\$ 246 000	-	20%	\$ 49 200
6. Labbé & Fils Inc. (Nov. 1975)	St-Georges Ouest, Qué.	Slaughter House	E	\$ 463 250	10	20%	\$ 92 650
7. Les Constructions C.L.R. Marcoux Inc. (Dec. 1975)	Ste-Marie, Qué.	Manufacturing of Pre-Fabricated Homes	E	\$ 214 000	12	20%	\$ 42 800

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>
8. Promecam Industrielle Internationale Limitée (Promecam Sisson-Lehmann) (May 1975)	Granby, Qué.	Manufacturing of Banding Presses for Folding Sheet Metal	N	\$1 322 550	19	25% and 15% of eligible wages and salaries of \$295 800	\$ 375 007
9. Uniformes Chantal Inc. (Nov. 1975)	Beauceville, Qué.	Manufacturing of Linen, Bedding and Uniforms for Hospitals	N	\$ 485 000	51	25% and 15% of eligible wages and salaries of \$357 000	\$ 174 800
10. Yartex Corporation Limited (March 1976)	Louiseville, Qué.	Processing of Carpet Yarn	N	\$ 465 000	53	25% and 15% of eligible wages and salaries of \$462 800	\$ 185 670

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. Ace Building Supplies (July 1974)	Lethbridge, Alta.						
2. Briteflame Firelog Ltd. (July 1974)	Sutton, Qué.						
3. F.P.F. (Canada) Ltd. (Oct. 1975)	Trois-Rivières, Qué.						
4. Fleury Industries Limited (Oct. 1974)	Saskatoon, Sask.						
5. Gaston Marcoux Publicité Enr. (July 1975)	Ste-Marie, Qué.						
6. Grand'Mère Mills Inc. (July 1974)	Grand'Mère, Qué.						
7. M. Normand Bernier (July 1975)	Stanbridge Est, Qué.						
8. N & N Concrete Ltd. (March 1975)	McLennan, Alta.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

Part III consists of Table 4 which provides a complete alphabetic listing for the month of May 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 MAY 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 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



135673

