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**Regional
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REPORT ON REGIONAL DEVELOPMENT INCENTIVES

August, 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 AUGUST 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 August 1976.

Among other things, it shows:

- (1) that, during the month of August, 93 applications were received and 52 offers were made;
- (2) that, of the 11 997 applications received since the inception of the program, 6 514 were rejected or withdrawn, and 5 155 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 785; and
- (4) that, against obligations represented by the net total of 3 785 accepted offers, partial payments had been made in 1 639 cases, and final payments had been made in 1 375 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 \$2 690.4 million;
- ... expected direct new jobs numbering 126 670;
- and
- ... incentive grants of \$569.6 million.

Incentive grants actually paid to date total \$361.0 million.

Table 2, which relates to loan guarantees, is concerned with the disposition of applications received, and the status of offers made to the end of August 1976.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	93	515	11 997
Applications Withdrawn	25	139	3 775
Applications Rejected	24	119	2 739
Offers Made	52	270	5 155
<u>STATUS OF OFFERS MADE</u>			
Offers Made	52	270	5 155
Offers Lapsed	5	11	245
Offers Declined	-	12	334
Offers Accepted	49	251	4 507
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	49	251	4 507
Accepted Offers Declined or Withdrawn	19	43	722
Net Offers Accepted	30	208	3 785
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	30	208	3 785
No Payment Made	-	-	771
Partial Payment Made	39	205	1 639
Final Payment Made	41	213	1 375

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	4	8	304
Applications Withdrawn	-	5	154
Applications Rejected	-	-	81
Offers Made	-	1	58
<u>STATUS OF OFFERS MADE</u>			
Offers Made	-	1	58
Offers Lapsed	1	1	6
Offers Declined	-	-	4
Offers Accepted	-	-	48
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	-	-	48
Accepted Offers Declined or Withdrawn	-	-	14
Net Offers Accepted	-	-	34
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	-	-	34
Guarantees in Operation	-	1	22
Guarantees Discharged	-	1	3

PART II - INCENTIVE GRANT ACTIVITY DURING THE MONTH

Part II consists of Table 3 which provides a complete alphabetic listing for the month of August 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 AUGUST 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. & C. Assouad (Canada) Ltée	Plessisville, Qué.	Tannery	E	\$ 500 000	32	20%	\$ 100 000
2. Abattoir Ouellet Inc.	Ste-Perpétue, Qué.	Slaughter-House	EM	\$ 300 000	7	20%	\$ 60 000 ^A
3. Alex Fougère	Cheticamp, N.S.	Gas Tanks, Stove Pipes and Furnace Ductwork	N	\$ 22 000	10	25% and 30% of eligible wages and salaries of \$60 320	\$ 17 600* ^B
4. Atlantic Industries (N.B.) Limited	Dorchester Cape, N.B.	Corrugated Steel Pipe	E	\$ 302 495	2	20%	\$ 60 499
5. Atlantic Staples Ltd.	Fredericton, N.B.	Nail and Screw Clips for Commercial Nailing Guns	NPE	\$ 60 000	5	25% and 30% of eligible wages and salaries of \$35 715	\$ 25 714 ^D

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. Bastien Brothers Inc.	St-Emile, Qué.	Winter Boots, Moccasins and Sport Shoes	EM	\$ 135 000	20	20%	\$ 27 000
7. Bastos du Canada Limitée	Louiseville, Qué.	Cigarettes	E	\$ 169 000	4	20%	\$ 33 800
8. Bernier Woodworking Ltd.	Drummond, N.B.	Millwork Products	N	\$ 97 000	6	25% and 30% of eligible wages and salaries of \$24 255	\$ 31 527
9. Beurrerie Anthyme Lanouette	St-Alban, Qué.	Butter	E	\$ 56 000	4	20%	\$ 11 200
10. Bo-Plex Inc.	Drummondville, Qué.	Prefabricated Houses	E	\$ 213 000	37	20%	\$ 42 600
11. C. F. Willis and Sons Produce Limited	O'Leary, P.E.I.	Storing and Packing of Potatoes	EM	\$ 132 000	18	20%	\$ 26 400
12. CAE Aircraft Ltd.	Winnipeg, Man.	Sheet Metal Products	E	\$ 99 000	23	20%	\$ 19 800

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>
13. Canron Limited	Trois-Rivières, Qué.	Heavy Capital Equipment	NPE	\$1 811 700	126	10% and \$2000 per eligible job (99)	\$ 379 170
14. Carsilco International Ltd.	Fredericton, N.B.	Dyeing and Finishing of Corduroy	N	\$1 590 000	90	25% and \$3000 per eligible job (90)	\$ 667 500
15. Castelli Ceramics Limited	Thunder Bay, Ont.	Ceramic Decorative Products	N	\$ 198 500	8	25% and 15% of eligible wages and salaries of \$41 560	\$ 55 859
16. Champion Enterprises Limited	Kensington, P.E.I.	Processing of Potatoes	N	\$ 84 000	2	25% and 30% of eligible wages and salaries of \$11 700	\$ 24 510
17. Continental Seafoods Limited	Shelburne, N.S.	Processing of Frozen Herring, Crabs and Quahaugs	NPE	\$ 390 000	56	25% and 30% of eligible wages and salaries of \$309 500	\$ 190 350 ^D

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. Corporation de Batteries Cegelec	Louiseville, Qué.	Batteries	EM	\$ 263 700	9	20%	\$ 52 740
19. Diecast Products Limited and Lane Investments Ltd.	Winnipeg, Man.	Nameplates and Moulded Plastic Products	E	\$ 205 000	16	20%	\$ 41 000
20. Dring Canada Ltd.	Boissevain, Man.	Laminated Wood Beams	E	\$ 37 276	3	20%	\$ 7 455
21. Emmanuel Simard & Fils Enrg.	Baie St-Paul, Qué.	Trailers, Truck Bodies and Hydraulic Systems	E	\$ 40 000	4	20%	\$ 8 000
22. Fabrill Inc.	Québec, Qué.	Men's Clothing	EM	\$ 100 000	30	20%	\$ 20 000
23. Friendly Supply Ltd.	Woodstock, N.B.	Rough Wood Boxes and Fencing	N	\$ 96 100	16	25% and 30% of eligible wages and salaries of \$134 835	\$ 64 475
24. Gulf Steel Limited	Eastern Passage, N.S.	Spiral Corrugated Pipe	NPE	\$ 98 000	4	20%	\$ 19 600

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
25. Heveco Limited	Tabusintac, N.B.	Peat Soil Replacer	E	\$ 243 700	15	20%	\$ 48 740
26. Hub Meat Packers Ltd.	Moncton, N.B.	Meat Products	E	\$1 178 500	25	20%	\$ 235 700
27. Ideal Pop Mart Limited	Sydney, N.S.	Carbonated Beverages	N	\$ 92 000	13	25% and 30% of eligible wages and salaries of \$92 500	\$ 50 750
28. J. Leonard Sarsfield Orchards Limited	Welsford, N.S.	Processing of Apples and Candying Apples	N	\$ 71 919	5	25% and 30% of eligible wages and salaries of \$30 950	\$ 27 265 ¹²
29. Krispy Kernels (Canada) Ltd.	Ste-Foy, Qué.	Processing of Nuts and Peanuts	E	\$ 256 000	9	20%	\$ 51 200
30. L. Martin & Fils Inc.	Rivière-du-Loup, Qué.	Doors and Windows	E	\$ 196 000	17	20%	\$ 39 200
31. La Chaudière Sportswear Inc.	St-Ludger, Qué.	Sportswear	E	\$ 345 000	20	20%	\$ 69 000

OFFERS ACCEPTED

Company	Plant Location	Product and/or Process	Type of Project	Expected Eligible Cost	Expected Direct New Jobs	Rate of Offer	Estimated Amount of Incentive Grant
32. La Huche Sans Pareille (1969) Inc.	Chicoutimi, Qué.	Bakery	E	\$ 373 000	17	20%	\$ 74 600
33. Les Aliments Congelés Q.B. Ltée.	St-Félicien, Qué.	Processing and Freezing of Blueberries	N	\$ 200 000	26	25% and 15% of eligible wages and salaries of \$200 000	\$ 80 000
34. Les Ateliers Apicoles Inc.	St-Georges, Qué.	Hives and Other Bee-Keeping Accessories	N	\$ 171 000	12	25% and 15% of eligible wages and salaries of \$148 000	\$ 64 950
35. Les Industries L'Islet Inc.	L'Isletville Qué.	Folding Steel Shelters	E	\$ 196 500	23	20%	\$ 39 300
36. Messieurs Armand Carrier et Réjean Bégin	St-Honoré de Shenley, Qué.	Sawmill	N	\$ 133 140	11	25% and 15% of eligible wages and salaries of \$106 500	\$ 49 260

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
37. Metalco Inc.	Sherbrooke, Qué.	Custom made Stainless Steel Items	NPE	\$ 207 500	19	25% and 15% of eligible wages and salaries of \$233 000	\$ 86 825 ²
38. Meubles L'Estrie Inc.	Princeville, Qué.	a) Colonial-Style Furniture b) Standard Wooden Components	a) E	a) \$ 215 500	a) 7	a) 20%	a) \$ 43 100
			b) NPE	b) \$ 194 500	b) 9	b) 25% and 15% of eligible wages and salaries of \$65 500	b) \$ 58 450
39. Montel Inc.	Montmagny, Qué.	Metal Book-cases and Electrical Apparatus	M	\$ 275 000	20	20%	\$ 55 000
40. Montrose Worsted Mills Inc.	Drummondville, Qué.	Spinning Mill	M	\$ 253 500	-	20%	\$ 50 700
41. Murray Printing Limited	Brandon, Man.	Commercial Printing	EM	\$ 65 000	5	20%	\$ 13 000
42. Nordic Engine and Machine Ltd.	Sudbury, Ont.	Drive-Line Assemblies, Engine Re-building and Metal Machining	E	\$ 441 700	10	20%	\$ 88 340

OFFERS ACCEPTED

Comapny	Plant Location	Product and/or Process	Type of Project	Expected Eligible Cost	Expected Direct New Jobs	Rate of Offer	Estimated Amount of Incentive Grant
43. P.E. Poirier & Fils Inc.	Lac Mégantic, Qué.	Basket Materials	E	\$ 80 864	5	20%	\$ 16 173
44. Pêcheurs Unis du Québec	Cap-aux-Meules Qué.	Processing of fish	N	\$3 390 300	69	25% and \$5 000 per eligible job (69)	\$1 192 575
45. Plomberie Asbestos Inc.	Asbestos, Qué.	Conveyors and Dust Collectors	N	\$ 236 400	10	25% and 15% of eligible wages and salaries of \$117 600	\$ 76 740
46. Schmidtke Millwork Ltd.	Steinbach, Man.	Millwork and Miscellaneous Wood Products	N	\$ 350 000	11	25% and 15% of eligible wages and salaries of \$129 529	\$ 106 929
47. Triple E Canada Ltd.	Winkler, Man.	Mobile Homes and Recreational Vehicles	E	\$ 191 505	5	20%	\$ 38 301

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. Tru-Mix Concrete Ltd.	Prince Albert, Sask.	a) Ready Mixed Concrete b) Processing of Spent Concrete	a) E b) N	a) \$ 108 000 b) \$ 84 000	a) 2 b) 1	a) 20% b) 25% and 15% of eligible wages and salaries of \$13 500	a) \$ 21 600 b) \$ 23 025
49. West End Upholsterers and Furniture Ltd.	Winnipeg, Man.	Drapery, Upholstered Office Furniture, Window Blinds and Shades	N	\$ 223 334	18	25% and 15% of eligible wages and salaries of \$181 293	\$ 83 027

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. Adélarde Goyette et Fils Ltée (March 1976)	Rivière-à-Pierre, Qué.	Sawmill	EM	\$ 55 250	-	20%	\$ 11 050
2. B.A.M. Métal Inc. (Aug. 1975)	St-Damase, Qué.	Manufacturing of Fire Preventive Steel Walls for Ships	E	\$ 214 000	35	20%	\$ 42 800
3. Canada Gomme Ltée (Sept. 1975)	St-Hyacinthe, Qué.	Manufacturing of Chewing Gum and Candy	N	\$1 471 250	63	25% and 15% of eligible wages and salaries of \$564 000	\$ 452 413
4. Montague Dairy Ltd. (March 1976)	Montague, P.E.I.	Processing of Fluid Milk	M	\$ 48 500	-	20%	\$ 9 700

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. Audet & Frères Ltée (Feb. 1976)	Val Paradis, Qué.						
2. Azco Limited (Jan. 1974)	Meductic, N.B.						
3. Brique Antique Ltée (July 1975)	St-Nicéphore, Qué.						
4. Claude Grenier Inc. (May 1976)	Daveluyville, Qué.						
5. Gérard Vadeboncoeur (March 1976)	Yamachiche, Qué.						
6. Hocken Manufacturers Limited (July 1974)	McGregor Bay Station, Ont.						
7. Les Ciments Maski Ltée (Aug. 1974)	Louiseville, Qué.						
8. Les Industries Decorbec Ltée (Nov. 1975)	St-Hyacinthe, Qué.						
9. Les Industries Fortin Inc. (March 1976)	Waltham, 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>
10. Les Produits Forestiers Procompt Ltée (March 1975)	Compton, Qué.						
11. Les Spécialités Cougar Ltée (Cougar Specialties Ltd.) (Oct. 1974)	Garneau, Qué.						
12. Mr. Orville Middleton (April 1976)	Saskatoon, Sask.						
13. Novopharm Limited (June 1976)	Saskatoon, Sask.						
14. Périlac Inc. (April 1976)	Alma, Qué.						
15. Périlac Inc. (April 1976)	Chûte des Passes Dangereuses, Qué.						
16. Prince Edward Food Products Limited (Nov. 1974)	St. Eleanors, P.E.I.						
17. Sudbury Central Fabricators Limited (Jan. 1975)	Copper Cliff, Ont.						

ACCEPTED OFFERS SUBSEQUENTLY DECLINED OR WITHDRAWN

<u>Company</u>	<u>Plant Location</u>	<u>Product and/or Process</u>	<u>Type of Project</u>	<u>Expected Eligible Cost</u>	<u>Expected Direct New Jobs</u>	<u>Rate of Offer</u>	<u>Estimated Amount of Incentive Grant</u>
18. Valmada Ltée (Nov. 1974)	Clair, N.B.						
19. Willmar Window Industries Ltd. (March 1975)	Winnipeg, Man.						

PART III - LOAN GUARANTEE ACTIVITY DURING THE MONTH

Part III consists of Table 4 which provides a complete alphabetic listing for the month of August 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 AUGUST 1976

OFFERS ACCEPTED

<u>Company</u>	<u>Location of Facility</u>	<u>Type of Operation</u>	<u>Expected Capital Cost</u>	<u>Expected Direct New Jobs</u>	<u>Loan Amount</u>	<u>Maximum Amount of Loan Guarantee</u>
Nil						

OFFERS ACCEPTED AND SUBSEQUENTLY REVISED

Nil

OFFERS ACCEPTED AND SUBSEQUENTLY DECLINED OR WITHDRAWN

Nil

PART IV - DEFINITIONS

TERMS USED IN PART I

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

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

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

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

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

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

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

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

Declined - When the applicant formally declines an offered incentive.

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

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

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

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

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

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

Application of Terms to Loan Guarantees

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

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

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

TERMS USED IN PART II

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

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

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

Type of Project -

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

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

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

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

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

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

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

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

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

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

TERMS USED IN PART III

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

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

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

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

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