

HD  
3646  
C3  
A36  
Sept/76  
c.1

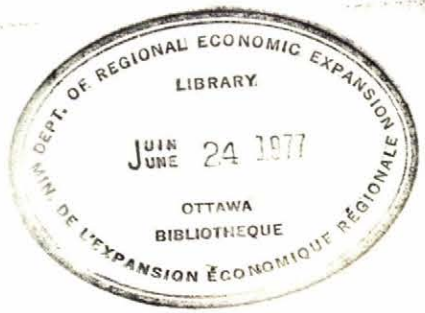
*Canada, Dept. of*



**Regional  
Economic  
Expansion**

**Expansion  
Économique  
Régionale**

# REPORT ON REGIONAL DEVELOPMENT INCENTIVES



**September, 1976**

HD  
3646  
C3  
A36  
Sept. 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 SEPTEMBER 1976

	<u>CONTENTS</u>	<u>PAGE</u>
INTRODUCTION.....		1
PART I	<u>SUMMARY STATISTICS.....</u>	5
	Disposition of Applications and Status of Offers.	
	Table 1 - Incentive Grant Applications.....	7
	Table 2 - Loan Guarantee Applications.....	8
PART II	<u>INCENTIVE GRANT ACTIVITY DURING THE MONTH....</u>	9
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 3 - Incentive Grant Activity.....	11
PART III	<u>LOAN GUARANTEE ACTIVITY DURING THE MONTH.....</u>	21
	Details of Offers Accepted; and of Offers Accepted and Subsequently Revised, Declined, or Withdrawn.	
	Table 4 - Loan Guarantee Activity.....	22
PART IV	<u>DEFINITIONS.....</u>	23

INTRODUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PART I - SUMMARY STATISTICS

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

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

Among other things, it shows:

- (1) that, during the month of September, 1976, 81 applications were received and 38 offers were made;
- (2) that, of the 12 078 applications received since the inception of the program, 6 569 were rejected or withdrawn, and 5 193 resulted in offers;
- (3) that, after allowing for lapses, withdrawals, and offers not accepted, the net total of accepted offers stood at 3 824; and
- (4) that, against obligations represented by the net total of 3 824 accepted offers, partial payments had been made in 1 655 cases, and final payments had been made in 1 404 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 \$2 740.5 million;

... expected direct new jobs numbering 127 531;

and

... incentive grants of \$580.7 million.

Incentive grants actually paid to date total \$364.8 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 September, 1976.

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	81	596	12 078
Applications Withdrawn	28	167	3 803
Applications Rejected	27	146	2 766
Offers Made	38	308	5 193
<u>STATUS OF OFFERS MADE</u>			
Offers Made	38	308	5 193
Offers Lapsed	1	12	245
Offers Declined	3	15	337
Offers Accepted	48	299	4 555
<u>STATUS OF OFFERS ACCEPTED</u>			
Offers Accepted	48	299	4 555
Accepted Offers Declined or Withdrawn	9	52	731
Net Offers Accepted	39	247	3 824
<u>STATUS OF NET OFFERS ACCEPTED</u>			
Net Offers Accepted	39	247	3 824
No Payment Made	-	-	765
Partial Payment Made	45	250	1 655
Final Payment Made	34	247	1 404

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

	<u>MONTH</u>	<u>CURRENT FISCAL YEAR</u>	<u>INCEPTION TO DATE</u>
<u>STATUS OF APPLICATIONS</u>			
Applications Received	-	8	304
Applications Withdrawn	-	5	154
Applications Rejected	-	-	81
Offers Made	2	3	60
<u>STATUS OF OFFERS MADE</u>			
Offers Made	2	3	60
Offers Lapsed	-	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 September 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 SEPTEMBER 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. Alex Couture Inc.	Charny, Qué.	Rendering Plant	E	\$ 575 000	-	20%	\$ 115 000
2. Art Gems Productions Ltd.	Winnipeg, Man.	Ornamental Picture Frames	N	\$ 38 445	21	25% and 15% of eligible wages and salaries of \$81 830	\$ 21 886
3. Aston Industries Inc.	St-Léonard d'Aston, Qué.	Ventilation Systems	E	\$ 123 000	6	20%	\$ 24 600
4. Beauséjour & Frères Inc.	Acton Vale, Qué.	Doughnuts	E	\$ 242 000	10	20%	\$ 48 400
5. Boulangerie Normétal Enrg.	Normétal, Qué.	Bakery	E	\$ 154 000	3	20%	\$ 30 800
6. Bruno Peter Schneider	Winnipeg, Man.	Bakery	N	\$ 351 534	15	25% and 15% of eligible wages and salaries of \$207 769	\$ 119 049

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>
7. Charles Cash	Irish Cove, N.S.	Wool Yarn	N	\$ 75 000	2	25% and 30% of eligible wages and salaries of \$21 000	\$ 25 050
8. City Printers Limited	Sydney, N.S.	Commercial Printing	E	\$ 29 570	2	20%	\$ 5 914
9. Dawn Plastics Ltd.	Winnipeg, Man.	Polyethylene Liquid Containers	E	\$ 302 065	-	20%	\$ 60 413
10. Deziel Auto Spring Inc.	Sherbrooke, Qué.	Retreaded Truck Tires	NPE	\$ 152 000	7	25% and 15% of eligible wages and salaries of \$65 000	\$ 47 750
11. Dominion Textile Limited	Magog, Qué.	Processing of Cotton/Polyester Fabric	E	\$17 897 000	-	15%	\$2 684 550
12. Equinox Industries Ltd.	Winnipeg, Man.	Fibreglass Products	E	\$ 36 000	8	20%	\$ 7 200
13. Franco Santini	St-Hyacinthe, Qué.	Stainless Steel Cutlery	N	\$ 1 160 000	44	25% and 15% of eligible wages and salaries of \$432 000	\$ 354 800

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>
14. Furgale Broom Ltd.	Winnipeg, Man.	Brooms, Mops and Brushes	N	\$ 427 400	16	25% and 15% of eligible wages and salaries of \$142 500	\$ 128 225
15. G.M. Plastic Corporation	Granby, Qué.	Extruded Plastic Forms	N	\$ 965 600	49	25% and 15% of eligible wages and salaries of \$404 000	\$ 302 000
16. Gérard Parenteau	Bernières, Qué.	Stainless Steel Hospital Equipment	N	\$ 132 100	27	25% and 15% of eligible wages and salaries of \$301 600	\$ 78 265
17. Gibson Labels Ltd.	Winnipeg, Man.	Pressure Sensitive Tapes and Labels	E	\$ 103 000	7	20%	\$ 20 600
18. Global Plastics (Man.) Ltd.	Gimli, Man.	Plastic Containers	N	\$ 36 500	6	25% and 15% of eligible wages and salaries of \$49 600	\$ 16 565

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. Island Metal Fabricators Ltd.	West Royalty, P.E.I.	Fabrication of Steel, Aluminum and Stainless Steel	N	\$ 243 600	27	25% and 30% of eligible wages and salaries of \$208 200	\$ 123 360
20. J.E. Rumball Limited	Sudbury, Ont.	Steel Drill Pipe	N	\$1 323 264	45	25% and 15% of eligible wages and salaries of \$594 236	\$ 419 951
21. La Chemise D.L. Inc.	Lac Mégantic, Qué.	Ladies' Wear	EM	\$ 155 835	47	20%	\$ 31 157
22. Lady Fane Farms Inc.	Tryon Branch Road, P.E.I.	Packaging of Potatoes	a) E b) NPE	a) \$ 203 430 b) \$ 123 070	a) - b) 6	a) 20% b) 25% and 30% of eligible wages and salaries of \$60 000	a) \$ 40 686 b) \$ 48 767
23. Les Ecussons Faucher De Desbiens Inc.	Desbiens, Qué.	Badges	N	\$ 12 000	12	25% and 15% of eligible wages and salaries of \$108 000	\$ 4 800 *

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>
24. Les Engrais Chaleur Limitée Chaleur Fertilizers Limited	Petit Rocher, N.B.	Mixed and Blended Fertilizers	N	\$ 145 800	4	25% and 30% of eligible wages and salaries of \$48 753	\$ 51 075
25. Les Plastiques La Salle Inc.	Richmond, Qué.	Custom-Built Plastic Products	NPE	\$ 394 000	12	25% and 15% of eligible wages and salaries of \$111 000	\$ 115 150
26. M. Lucien Desjardins	Sept-Iles, Qué.	Heavy Vehicle Springs	N	\$ 94 000	7	20%	\$ 18 800
27. Makro Enterprises Limited	Yankeetown, N.S.	Precision Tooling, Jigs and Dies	N	\$ 377 000	16	25% and 30% of eligible wages and salaries of \$174 040	\$ 146 462
28. Maska Plastiques Inc.	St-Liboire, Qué.	Plastic Products	N	\$ 150 350	17	25% and 15% of eligible wages and salaries of \$127 500	\$ 56 713

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>
29. McCain Foods Limited	Portage la Prairie, Man.	Processing of Frozen French Fried Potatoes and Dehydrated Potato Flakes	N	\$12 019 430	199	15% and \$3 000 per eligible job (199)	\$2 399 915
30. Meubles Beaucerons Inc.	St-Georges, Qué.	Bedroom and Dining Room Furniture	N	\$ 985 000	57	25% and 15% of eligible wages and salaries of \$650 000	\$ 343 750
31. Mitel Corporation Ltd.	Bromont, Qué.	Semi-Conductors	N	\$ 983 733	94	20% and 15% of eligible wages and salaries of \$1 235 000	\$ 381 997
32. Mobilier Vic Line Inc.	Victoriaville, Qué.	Colonial Style Furniture	E	\$ 294 000	18	20%	\$ 58 800
33. National Cut & Precast Stone Ltd.	Lac Saguay, Qué.	Sills, Lintels and Various Stone Products	M	\$ 70 000	4	20%	\$ 14 000
34. Nor-Wood Products (Sault) Limited	Sault Ste. Marie, Ont.	Decorative Lumber	E	\$ 48 225	3	20%	\$ 9 645

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>
35. Ocean Optical Ltd.	Moncton, N.B.	Surfacing of Ophthalmic Lenses	N	\$ 50 000	8	25% and 30% of eligible wages and salaries of \$71 015	\$ 33 805
36. Poly-Cello Limited	Amherst, N.S.	Flexible Packaging	EM	\$1 067 400	6	20%	\$ 213 480
37. Robert & Robert Ltée	St-François-Xavier de Brompton, Qué.	Wooden Doors and Sashes	E	\$ 350 000	3	20%	\$ 70 000
38. Salaison Expo Limitée	Granby, Qué.	Processing of Meat	EM	\$ 83 000	9	20%	\$ 16 600
39. Small Brothers Inc.	Dunham, Qué.	Maple Syrup Equipment	E	\$ 85 000	5	20%	\$ 17 000
40. Standard Aero Engine Limited	Winnipeg, Man.	Aircraft Engines	E	\$ 730 000	40	20%	\$ 146 000
41. Star Bottling Works Limited	Sudbury, Ont.	Soft Drinks	EM	\$ 790 173	7	20%	\$ 158 035
42. T. S. Metals Limited	Swift Current, Sask.	Metal Roofing	N	\$ 179 200	12	25% and 15% of eligible wages and salaries of \$117 500	\$ 62 425

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. The Wellman Engineering Corporation Limited	Saint John, N.B.	Nickel Chrome Alloy Castings	N	\$5 351 150	142	25% and 30% of eligible wages and salaries of \$1 988 065	\$1 934 197
44. Thunderbrick Limited	Thunder Bay, Ont.	Burned Clay Building Bricks and Quarry Tiles	EM	\$3 346 959	34	19%	\$ 635 922 /
45. Tobique Enterprises Limited	Perth-Andover, N.B.	Insect Repellent Coils	NPE	\$ 95 000	8	25% and 30% of eligible wages and salaries of \$57 986	\$ 41 146
46. Undersea Equipment Limited	Darmouth, N.S.	Specialized Marine and Undersea Equipment	N	\$ 538 000	58	25% and 30% of eligible wages and salaries of \$863 000	\$ 393 400
47. Valmont Ornamental Enr.	Shawinigan Sud, Qué.	Ornamental Ironwork	N	\$ 33 000	5	25% and 15% of eligible wages and salaries of \$40 000	\$ 14 250
48. Z. Laroche & Frères Limitée	Pont-Rouge, Qué.	Foundry	EM	\$ 340 000	5	20%	\$ 68 000

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. Arc Tube Inc. (Soc Tube Limited) (May 1974)	Sault Ste. Marie, Ont.	Steel Tubing	N	\$1 397 722	17	25% and 15% of eligible wages and salaries of \$261 610	\$ 388 673
2. Can-Am Containers Ltd. (Sept. 1975)	Springhill, N.S.	Manufacturing of Injection Molding	E	\$ 126 625	4	20%	\$ 25 325
3. John and Robert Sanderson (Jan. 1975)	York Point Road, P.E.I.	Retail Packaged Potatoes	NPE	\$ 110 113	7	25% and 30% of eligible wages and salaries of \$22 680	\$ 34 333
4. Meubles Amqui Inc. Amqui Furniture Inc. (March 1974)	Amqui, Qué.	Wooden Chairs	N	\$ 126 720	28	15% and \$1 500 per eligible job (28)	\$ 61 008

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. Art Textiles Acadia Ltd. (June 1973)	Lunenburg, N.S.						
2. Garware Rayol Ltd. (Jan. 1976)	St-Hyacinthe, Qué.						
3. Isomedix Limited (March 1972)	Mont St. Hilaire, Qué.						
4. La Coopérative de Baie Ste Anne Limitée (Nov. 1975)	Escuminac, N.B.						
5. Maddison Industries Ltd. (Feb. 1973)	Cranbrook, B.C.						
6. Recording Data Manufacturing Ltd. (Sept. 1975)	Regina, Sask.						
7. Riteway Manufacturing Company Limited (April 1975)	Regina, Sask.						
8. Simmons Limited (Feb. 1975)	Winnipeg, Man.						
9. St-Hyacinthe Automotive Inc. (June 1976)	St-Hyacinthe, 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 September 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 SEPTEMBER 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.



INDUSTRY CANADA/INDUSTRIE CANADA



135677

