

Three agencies are associated with the department and report to the commerce and development minister. The New Brunswick Industrial Development Board recommends financial assistance to manufacturers or processors, normally through a direct loan or loan guarantee. Terms and conditions are subject to individual negotiation but specifically require the applicant to provide reasonable equity and security in the form of a first charge on assets. Provincial Holdings Ltd. is a Crown corporation established to hold and administer the province's equity position in various companies. This agency is prepared to take an equity position in manufacturing industries wishing to locate in New Brunswick. The extent of the equity taken is negotiable and depends on various factors in a particular proposal. The Research and Productivity Council (RPC) provides a source of technical support services for New Brunswick industry. RPC carries out research and problem-solving on a cost-recovery basis for clients in Canada and abroad. An industrial engineering service and free technical information and assistance are made available to New Brunswick (and Prince Edward Island) companies by RPC in co-operation with the National Research Council.

17.3.5 Quebec

Quebec assistance to manufacturers is provided mainly through the Industrial Development Corp. The corporation's aims are to help transform Quebec's industrial structure through aid to high-technology industries, and to encourage existing industries to consolidate production facilities while adapting to modern techniques to improve their competitive position. Companies unable to obtain financial assistance at reasonable rates elsewhere may obtain aid if their operation contributes to the economic development of the province or any of its regions. Corporation assistance may be granted for capital investment for construction, purchasing, renovating or expanding plants, purchasing land, machinery, tools or equipment and facilities, purchasing or developing patents, improving the financial organization of the company or purchasing shares in manufacturing or commercial firms. Assistance may take various forms: loans at market interest rates; assumption of part of the costs of loans; repayment of part of the loans provided the company meets certain criteria; and purchase of part of a company's capital stock, provided the corporation at no time holds a majority of the capital stock or holds shares which bring its total investment in shares in such companies to more than 30% of its total assets.

In August 1977 two new programs were introduced by the industry and commerce department under the Act respecting Fiscal Incentives to Industrial Development (Bill 48). An industrial incentives fund was established to enable small and medium-sized companies to plan expansion, and encourage reinvestment of their profits. This continuing program enables companies with 200 or fewer employees, assets of less than \$7.5 million and at least 50% of their gross revenue derived from production to deposit in the fund 50% of the provincial taxes otherwise payable. All sums deposited in the fund must be used within five and a half years following the taxation year to make an allowable expenditure related to manufacturing or processing operations, up to a maximum of 25%.

The second program provides manufacturing firms with a tax abatement to encourage regional economic development. It provides an abatement of 25% on the tax otherwise payable, up to a maximum of 25% of an allowable investment related to the operation of a manufacturing firm or \$500,000 for the aggregate of the allowable investments. This applies to any corporation operating such a firm and making an investment of at least \$50,000 prior to March 31, 1980, subject to certain economic and regional criteria.

A manufacturing or processing plant selling and delivering part of its Quebec production outside the province may receive an exemption from provincial sales tax on goods purchased for its own use, in proportion of its out-of-province sales to its total sales for the year. This measure also applies to provincial sales tax on gas and electricity used directly for manufacturing or processing. The manufacturer is also entitled to a partial reimbursement of sales tax paid on construction materials that he has used in his industrial buildings.