

Canada; for product design, normally of durable products that would be mass-produced by industrial processes; and to study productivity improvement measures new to the firm and involving some risk. Loan insurance (guarantees) could be provided through the adjustment assistance components of EDP when usual sources of term financing were inadequate, to facilitate restructuring or rationalization of manufacturing and processing firms in Canada, to encourage secondary manufacturing and processing, and to permit Canadian firms to become more internationally competitive.

Forms of assistance included loan insurance and consulting grants to encourage restructuring in footwear or tanning industry firms, to facilitate mergers and acquisition of manufacturing and processing firms, to develop and demonstrate new pollution control and abatement technologies, and to finance sales of Dash 7 aircraft.

The full range of EDP assistance was available to enable companies to take advantage of export opportunities opened up by multilateral trade negotiations or requiring restructuring in the resulting more competitive environment.

Decisions on proposals are judged by enterprise development boards made up from the private sector and public service, under chairmanship of prominent Canadian executives. Regional enterprise development boards in each province make grants or loans under EDP to a maximum of \$200,000 to companies with annual sales of not more than \$5 million. A central board in Ottawa handles all other cases.

The EDP approach is similar to investing in firms, not just supporting projects, much as merchant banks serve clients by providing (or arranging for) all types of financing, and financial and management services.

In fiscal year 1978-79, enterprise development boards approved 143 adjustment assistance loan guarantees or loans for a total of \$117.3 million and provided \$39.6 million in contributions toward the cost of 284 innovation and product development projects.

18.2.2 Industry energy research and development

An industry energy research and development program (IERD) was introduced in October 1977 to help Canadian industry research and develop processes and equipment that could reduce industrial energy consumption, and to promote development technology. ITC contributes up to 50% of the estimated costs. Projects undertaken included development of new technology in steel soaking pits, use of coal dust waste to replace other fuels, use of waste heat in paper machines to reduce energy consumption, and of paint solvent as fuel in drying ovens.

18.2.3 Small businesses loans

A Small Businesses Loans Act (SBLA) makes loan guarantees available to new and existing small businesses. A small business is defined as an enterprise whose annual gross revenues do not exceed \$1.5 million during a fiscal period. For a new business, it is an enterprise whose estimated gross revenue in the first fiscal period, not less than 52 weeks, does not exceed \$1.5 million.

Loans are made to small business enterprises in manufacturing, wholesale or retail trade, service businesses, construction, transportation and communications. Under the act a small business may have outstanding not more than \$75,000 at any one time.

The rate of interest on SBLA loans is set at 1% over the prime lending rates of the chartered banks and fluctuates with changes in those rates for the duration of the loan. Loan repayment is not to exceed 10 years. Instalments must be paid at least annually or more frequently at the discretion of the lender.

All SBLA loans must be secured. Security taken can be in the form of land or chattel mortgages or other security that the lender deems to be required. A borrower is also required to sign a promissory note. Other terms and conditions are worked out between the lender and the borrower.

18.2.4 Small business intern program

This program was intended to create permanent job opportunities for recent graduates and to enhance the growth potential and competitive position of small and medium-sized businesses. Firms were encouraged to hire recent graduates who could thus