

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%.

One program provides manufacturing firms with a tax abatement to encourage regional economic development. It provides an abatement up to 50% of tax otherwise payable, 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.

Another program promotes expansion of small and medium-sized manufacturing companies. It provides financial assistance to firms employing 500 people or less and having high growth potential.

An exemption applies to provincial sales tax on gas and electricity used directly for manufacturing or processing. A manufacturing firm may also receive total repayment of the tax paid on gasoline or diesel fuel if the fuel is used to operate machinery or as a raw material in the manufacture of certain products. Industrial machinery used in Quebec for manufacturing or processing is exempt from provincial sales tax.

For years the government of Quebec has sought easier access to foreign markets for Quebec businesses. The industry and commerce department has economic advisers attached to its delegations and Quebec offices abroad, provides financial and technical assistance to firms wishing to participate in industrial fairs, organizes trade missions and provides information on export techniques and the various aspects of external trade. The Industrial Development Corp. also grants financial assistance to manufacturing and commercial firms exporting goods manufactured in Quebec.

In 1977 the Quebec National Assembly authorized the creation of Quebec business development corporations. The aim is to provide risk capital for small and medium-sized manufacturing firms, as well as management assistance. Shareholders are entitled to tax abatements of up to 25% of the total investments, to a maximum of \$25 per share.

A Quebec food crop programs corporation was set up to encourage and participate in the establishment, modernization, expansion, development, consolidation and grouping of food industries. It has two main methods of operation: participation as a co-partner in a business by purchasing risk capital, without at any time holding the majority of the capital stock, and selling its shares when the co-partners decide to repurchase them; and long-term loans at market interest rates (loans to shareholders). Its operations are restricted to processing and marketing sectors.

The industry and commerce department offers companies technical assistance, mainly in consultation services, negotiation of licence agreements, market studies and statistics. An industrial research centre provides information and technical assistance.

## **Ontario**

## **18.5.6**

Ontario northern and eastern development corporations are Crown agencies providing services to business to stimulate industrial growth, economic development and employment. They report to the Ontario legislature through the industry and tourism minister. Their boards of directors represent the business and financial communities and organized labour.

Loan programs administered by the development corporations include an Ontario business incentive program to encourage industrial and economic development. Incentive loans are repayable, although initial repayment may be deferred. The loans may be interest free or at a rate lower than the Ontario Development Corp.'s prevailing rate of interest.

Term loan programs available to Canadian-owned companies in the province include small business loans for companies to expand their operations in manufacturing or services closely allied to manufacturing, venture capital loans to introduce new technology, loans for approved pollution control equipment; loans for tourist resort operators, export support loans, and industrial mortgages and leasebacks to help establish or expand manufacturing facilities.