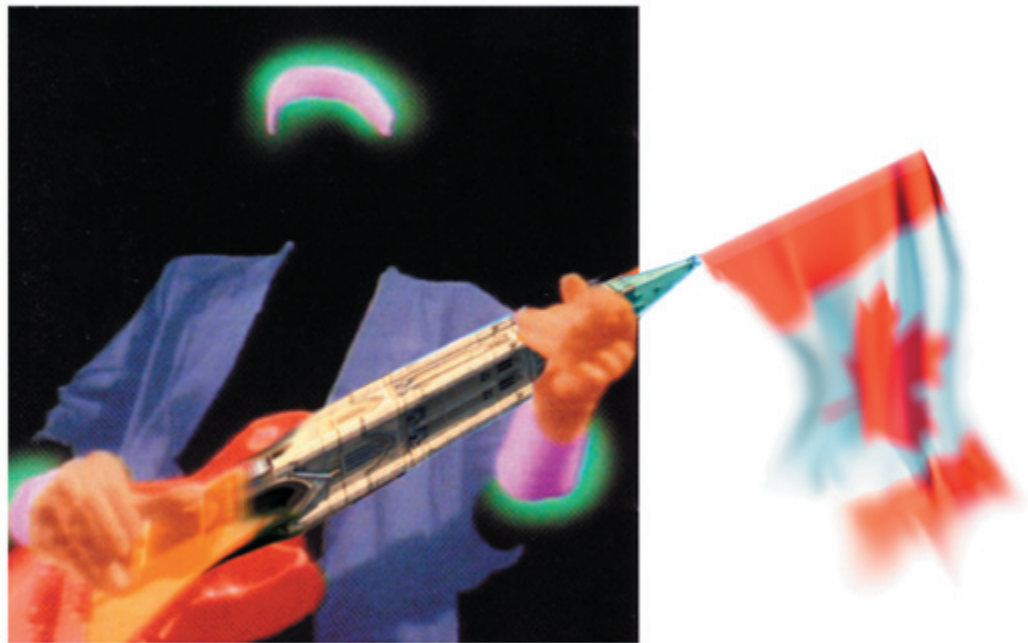


POLICY SERIES



Money for nothing and your cheques for free

**Industry Canada's 1982–2009
Corporate Welfare Repayment Records:**

\$18 billion in Expenditures

\$1.9 Billion in Repayments

By Mark Milke

About the Author



Mark Milke is the Director of Research for the Frontier Centre in Public Policy, a lecturer in political science at the University of Calgary and chairman of the editorial board for Canada's online journal of ideas (C2C Journal). In addition to authoring three books on Canadian politics, Mark has written policy papers on corporate welfare, equalization, Aboriginal treaties, the Canada Pension Plan, Alberta's Heritage Fund, automobile insurance and the flat tax. He wrote his doctoral dissertation at the University of Calgary on the effects of anti-Americanism on deliberative democracy in Canada and his Master's dissertation at the University of Alberta on human rights and democracy in East Asia. Mark is a Sunday columnist for the *Calgary Herald* and his columns on politics, hiking, nature and architecture have been published across Canada including in the *National Post*, *Globe and Mail*, *Reader's Digest*, *Vancouver Sun*, *Edmonton Journal*, *Winnipeg Free Press*, *Montreal Gazette*, *Victoria Times Colonist* and the Washington DC-based magazine, *The Weekly Standard*.

The Frontier Centre for Public Policy is an independent, non-profit organization that undertakes research and education in support of economic growth and social outcomes that will enhance the quality of life in our communities. Through a variety of publications and public forums, the Centre explores policy innovations required to make the prairies region a winner in the open economy. It also provides new insights into solving important issues facing our cities, towns and provinces. These include improving the performance of public expenditures in important areas like local government, education, health and social policy. The author of this study has worked independently and the opinions expressed are therefore their own, and do not necessarily reflect the opinions of the board of the Frontier Centre for Public Policy.

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Executive summary

"The bad economist sees only what immediately strikes the eye; the good economist also looks beyond. The bad economist sees only the direct consequences of a proposed course; the good economist looks also at the longer and indirect consequences. The bad economist sees only what the effect of a given policy has been or will be on one particular group; the good economist inquires also what the effect of the policy will be on all groups."

—Henry Hazlitt,
Economics in One Lesson, 1946

Corporate welfare defined

The term "corporate welfare" was first popularized in Canada in the 1970s by then federal NDP leader Stephen Lewis. In its simplest definition, corporate welfare is a payment from government to a particular business or business sector—not for a good or service provided to the government—but simply as a subsidy to the business.

The focus of this report

This report looks at repayment records at Industry Canada between 1982 and 2009; the data is derived from an Access to Information request made by the Frontier Centre for Public Policy.

The terms used by Industry Canada to classify its subsidies to business, the focus of this report, are the following: grant, contribution, repayable contribution, conditionally repayable contribution, loan guarantee, interest contribution, conditional or unconditional repayable contribution, conditional grant and "other" assistance. The results of the request are as follows:

90% of loaned money since 1982 has not been repaid

According to information obtained in an Access to Information request to Industry Canada, the results of the Access request show the following for the 1982–2009 period:

- Since 1982, 21,766 recipients have been authorized to receive assistance from Industry Canada with 49,928 "offers" accepted by Industry Canada (many recipients make multiple requests of Industry Canada).
- Authorized subsidies ("assistance") amount to almost \$21 billion.
- Disbursed ("net expenditures to date") amount to almost \$18 billion.

In terms of repayment:

- Of that almost \$18 billion in subsidies, just under \$1.9 billion (\$1.869 billion) has been repaid.

Industry Canada assistance, authorizations, net expenditures and total repayments

Industry Canada Financial Assistance Programs - Offers Accepted Between April 1, 1982 and March 19, 2009 by Type of Assistance

	Total Authorized Assistance	Total Authorized Maximum Loan Insurance Amount	Total Net Expenditures To Date	Total Repayments To Date
Grant	1,165,449,792.00	0.00	1,127,968,169.43	1,400.00
Contribution	7,979,249,916.47	0.00	7,055,851,874.33	210,258,797.86
Repayable Contribution	1,108,197,936.21	0.00	960,229,578.96	576,766,508.78
Conditional Repayable Contribution	6,525,714,691.82	0.00	5,484,149,684.18	1,013,987,339.82
Loan Guarantee	311,441,984.00	1,184,972,670.00	236,145,185.95	26,925,279.11
Interest Contribution	106,597,278.00	0.00	73,150,216.08	0.00
Conditional/Unconditional Repayable Contribution	168,357,415.00	0.00	95,996,666.87	8,755,704.81
Conditional Grant	2,590,000,000.00	0.00	1,946,638,600.00	0.00
Other Assistance	1,018,052,192.00	0.00	1,015,162,954.88	33,225,000.00
Totals	20,973,061,206.08	1,184,972,670.00	17,995,292,570.68	1,869,920,030.38

- Expressed in percentage terms, *only 10.4% of the \$18 billion has been repaid.*
- Excluding the \$1.1 billion in grants, the remaining repayment record is still just 11%
- Pratt & Whitney of Longueuil, Quebec and Mississauga, Ontario (Pratt & Whitney Canada Corp. and Pratt & Whitney Canada Corporation) had 39 offers accepted for a total authorization of \$1,845,509,079.

Famous recipients: Examples

There are the usual, regular and well-known recipients and also some odd approvals on the list. Here are few examples:

- Various divisions of Bombardier in Quebec and Ontario (Bombardier Aerospace, Bombardier Canadair, Bombardier Inc., Bombardier Inc. Div. Sea-Doo/ Ski-Doo and Bombardier Inc., R.J. Canadair R.J. Division) had 33 offers accepted and were authorized to receive \$750,249,083.
- Mitel of Bromont, Quebec and Kanata, Ontario (Mitel Corporation and Mitel Networks Corporation) had eight offers accepted for a total authorization of \$72,458,398.
- Martin Pet Foods of Bromont Quebec, a division of H.J. Heinz (the ketchup maker), had one authorization approved for \$720,000.

Non-famous recipients: Examples

In addition to large corporations, a plethora of smaller businesses received subsidies from Industry Canada, such as an ice cream shop in Ontario, an automotive shop in Saskatchewan, hotels in Alberta and a tire store in British Columbia. For example:

- Elaine's Ice Cream Parlour and Deli of Nepean, Ontario was authorized to receive \$97,530 in five different "offers" accepted by Industry Canada;
- Sandco Automotive in Hamilton, Ontario was authorized to receive \$73,500 (one offer);
- Dave's Autobody in St. Lazare's, Manitoba was authorized to receive \$53,000 (one offer);
- N&N Oilfield Services in Onion Lake, Saskatchewan was authorized to receive \$43,100 (one offer);
- Pro-Tech Automotive in Regina, Saskatchewan was authorized to receive \$85,000 (one offer);
- Rocky Mountain Bagel in Canmore, Alberta was authorized to receive \$6,375 (one offer);
- Nakoda Lodge in Morley, Alberta was authorized to receive \$1,790,672 (two offers);
- Medicine Hat Inn in Medicine Hat, Alberta was authorized to receive \$44,130 (one offer);
- O.K. Tire Store in Quesnel, B.C. was authorized to receive \$60,000 (one offer).

Remedy and recommendation: End business subsidies in exchange for cuts to business taxes

The path away from corporate welfare is not complicated, though it can be politically difficult: Trade the tens of billions in corporate welfare reductions for reductions in business tax rates instead. Prime Minister Stephen Harper himself once criticized subsidies to business in almost all forms from aerospace subsidies to regional development agencies. In a 2004 speech to the Toronto Board of Trade, the then opposition leader pledged to cut taxes for business—but only in exchange for an end to welfare for business,

In a budgetary predicament where the federal government produced a \$53.8 billion deficit in 2009/10 and forecasts a \$49.2 budget deficit in 2010/11, there is a need to switch from unproductive policy to neutral policy that doesn't pick winners and losers. Subsidies to a particular business or sector are artificial and do not deliver the jobs, economy or tax revenues too often incorrectly asserted. In contrast, across-the-board reductions in business taxes favour no individual firm or sector, and thus are neutral in application.

Introduction

What is corporate welfare?

The term “corporate welfare” was first popularized in Canada in the 1970s by then federal NDP leader Stephen Lewis. In its simplest definition, corporate welfare is a payment from government to a particular business or business sector—not for a good or service provided to the government—but simply as a subsidy to the business for a variety of reasons and justifications: the ostensible creation or retention of job, the notion extra tax revenue will be created and the desire to save a particular industry in a specific vote-rich region are among other explicit and implicit justifications.

In short, corporate welfare is a business subsidy, but this is just one of the other names by which it is known. Less accurate and somewhat misleading descriptions such as “targeting,” “incentives,” “investment” and a plethora of other terms illustrate George Orwell’s point that the English language can be abused by less-than-clear terminology.

Made-to-order studies on corporate welfare

The literature on corporate welfare can generally be divided into two camps. The first camp, with made-to-order studies on behalf of a particular business or sector, avoids a full accounting of the cost of a subsidy to the wider economy. Such studies are often of the “if you build it they will come” variety, be it a new sports stadium built with public funds, an automotive factory given a subsidy to locate in one province or state over another or a green subsidy in an attempt to develop a new product.

Such studies often deliberately focus on jobs, tax revenues and the economy in one concentrated geographic area, ignoring the wider, negative impact upon jobs, tax revenues and the economy across a province/state, country or internationally.

However, such studies are favourites of automotive and aerospace companies seeking handouts from one national government while making the same pitch to another, or, the film sector that plays one state or province off another in its search for subsidies and regional development agencies that claim yet another large dollop of public cash will right all that ails their particular area/industry.

Examples of *non*-peer reviewed research and claims that assert the benefits of subsidies are not difficult to find. Here are just a few:

- In 2010, the Atlantic Canada Opportunities Agency (ACOA), a taxpayer-funded federal agency which directs much of the money for business subsidies in Atlantic Canada, claimed that for every one dollar it “invested” directly in businesses, over seven dollars were generated in gains to the region’s GDP. The agency also claims to have generated \$865 million in tax revenues due to its existence (ACOA, 2010).
- In 2008, the Ontario Manufacturing Council published a study which advocated a bail-out of General Motors and Chrysler. The study asserted up to 592,000 jobs would be lost in Ontario if the two automotive companies were not rescued via government intervention (Centre for Spatial Economics, 2008).

- In 2006, in a paper for the federal government, the Aerospace Industries Association of Canada asserted that Governments “invest” in their aerospace industries because of the benefits to be reaped” (AIAC, 2006).

Meanwhile, back in the world of empirically verifiable studies...

A second type of study on the issue of corporate welfare comes from the peer-reviewed world, and they are not, in general, supportive of the reliability of non-peer reviewed research, or the claims made about the benefits of “targeting” by such works. Economist D.K. Lee argues that despite their popularity, studies that purport to show a benefit from “targeting”—public money given or loaned to business—have never been scientifically validated (D.K. Lee, 1992). Another economist who has written extensively on subsidies to business, Terry Buss, offers a succinct analysis of why such studies are not validated and probably never will be:

Validation is likely impossible because targeting violates basic economic reasoning, uses unsound methodologies and faulty data, and encourages inappropriate political interference, benefiting some at the expense of others. Perhaps this is why targeting studies are not published in professional economic, social science, or policy studies journals but only appear as unpublished consultant reports, details of which are rarely disclosed, are simplistic, employ meaningless measures (Buss, 1999).

Buss notes such targeting studies violate sound social science methods and thus are not scientific. He points out they: employ fallacious reasoning; utilize expediency rules—i.e. some inconvenient data is

excluded, and propriety and secrecy are observed—which are the exact opposite of the disclosure of data and methods necessary and required in science so that others can check one’s claims; produce conflicting and meaningless targets; exaggerate benefits claims; often double-count benefits; over- or under-state costs; and fail to consider opportunity costs.

In short, Buss writes that, “Targeting eschews theory and causality in favour of any interesting or useful association that can justify targets. Philosophers of science refer to running everything against everything as ‘rank empiricism’” (Buss, 1999).

The second camp of studies, the academic or peer-reviewed variety, is less amenable to the temptation or error of avoiding important factors in the debate over business subsidies. That second camp will not, for example, miss the substitution effect. The substitution effect is where money poured into one company or sector is not assumed to magically appear out of thin air, but is recognized to have been collected from others individuals and businesses, and had the initial money stayed with those who created it, it would have had its own economic effect, along with jobs created and tax revenues created.

Clear examples come from the automotive and aerospace sectors. When money is given to GM, Chrysler, Bombardier and Pratt & Whitney, the justification is that jobs are created or saved, that economic expansion will take place, and that tax revenues will be created. However, *the claim is only true in a narrow regional sense*. If the market for automobiles in North America in a given year is 12 million units, some automotive company somewhere will fill that demand. If not Chrysler, then Ford; if not Honda, then Hyundai. Similarly, an aerospace

manufacturer will fill the need for jets; if not Embraer, then Bombardier; if not Airbus, then Boeing. The result is that an economic impact, jobs and tax revenues will be created *somewhere*, the only question is where and how: either through companies in competition with each other to deliver the products consumers think best, or through the manipulation of markets by “rent-seekers,” manipulation agreed to and promoted by governments in search of votes.

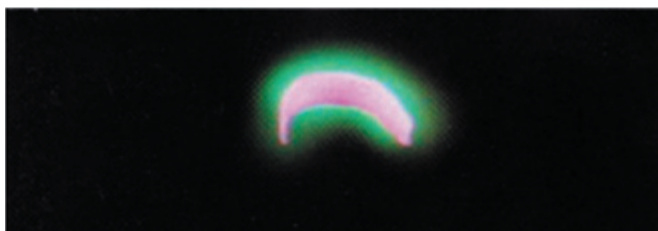
The peer-reviewed camp and their conclusions about corporate welfare

There is a large body of literature which punctures the notion business subsidies have much if any positive effect upon employment, on the wider economy or tax revenues. Below is a summary of a past review of literature enunciated elsewhere (Milke, 2007):

- Timothy Bartik (1994) notes how extra job growth in one locale due to targeting comes, in part, at the expense of reduced job growth in another region.
- Terry Buss (2001) notes that for subsidies to be justified and for accompanying job creation estimates to be credible, such studies would have to identify new employment, not merely employment shifted from one job site to another.
- Margaret Dewar (1998) found that programs aimed at specific distressed geographic regions show “almost no effects on the growth of these areas.”
- Donald Baum (1987) evaluated the effect of state and local government business incentives and subsidies on local and national economic welfare. He found that subsidies may increase local welfare in a single community but reduce national welfare.

- Joe Ruggeri (2002) looked specifically at Canadian corporate welfare from 1992 to 1998. He found that the distribution of federal subsidies suggested that these subsidies were not a factor in explaining different performances of regional economies.

The short conclusion is that there is little support among peer-reviewed work for business subsidies and the claims made about them. Regrettably, corporate welfare continues because it is in the interest of the actors (politicians in search of votes and companies in search of subsidies) to continue the subsidies. Problematically, while it is in the interest of a particular firm to receive \$1 million or \$1 billion from governments, even the latter amount equals only \$30 per Canadian. Thus, even a \$1 billion subsidy or loan for one company rarely causes friction with enough voters to cause a possible cancellation.



...corporate welfare continues because it is in the interest of the actors (politicians, companies...)

Industry Canada and the politics of public deceit

"It is clear that the decline of a language must ultimately have political and economic causes: it is not due simply to the bad influence of this or that individual writer."

—George Orwell,
Politics and the English Language, 1946

Business subsidies arrive in a variety of forms. The terms used by Industry Canada in classifications to describe its subsidies to business, the focus of this report, are the following: grant, contribution, repayable contribution, conditionally repayable contribution, loan guarantee, interest contribution, conditional or unconditional repayable contribution, conditional grant and "other" assistance.

Curiously, the term "contribution" is conspicuously absent from news releases concerning taxpayer dollars awarded to corporations in Canada. Taxpayers make "contributions" to charitable organizations and do not expect to be repaid. They make "investments" in the expectation of a return that is commensurate with the risk. Given that actual repayment terms will be protected from scrutiny by taxpayers and competitors, most corporations are comfortable with implications that it is a business transaction where the money will be repaid. This misleads both the media that report on such disbursements and the wider public.

"Repayable investment" instead of the more accurate "conditionally repayable investment"

On January 13, 2009, Industry Minister Tony Clement announced a \$52.3 million "repayable investment" given to Esterline CMC Electronics (Industry Canada, 2009a). The term "repayable investment" appears three times in the news release. That language would lead an observer to conclude that Esterline CMC Electronics must repay the \$52.3 million at some future date. *Not necessarily.*

In fact, it is clear this \$52.3 million is only "conditionally repayable" because it is described as such on a separate webpage of the department entitled Project Portfolio (Industry Canada, 2009b).

"Repayable investment" instead of the more accurate "repayable contribution" which might be conditionally repayable

Similarly, the Industry Canada March 31, 2009 news release for the \$250 million given to CAE Inc. uses the term "repayable investment" six times, while the term "conditional" is nowhere to be found. However, when cross-referenced with the department's own Project Portfolio, the \$250 million given to CAE Inc. is in fact classified as a "repayable contribution." If that term seems to support the public language used in the media release, such an assumption would be too optimistic.

The department's own definition of "repayable contribution" can refer to a subsidy that is either unconditionally OR conditionally repayable (Industry Canada, 2009c).

If it is the latter, the media and public would have sufficient cause to worry. Here is the department's own definition of conditionally repayable: "Conditionally repayable contributions are contributions that all or a part of become repayable, if conditions specified in the contribution agreement come into effect" (Industry Canada, 2009c).

In other words, the public language is far less accurate than the contractual language, and the former may give taxpayers a false reassurance that the money must be repaid.

Why the department of Industry is not publicly frank: 90% of loaned money has not been repaid

According to information obtained in an Access to Information request to Industry Canada from the Frontier Centre for Public Policy, the results of the Access request show the following for the 1982–2009 period. The department of Industry through various programs has:

- Authorized subsidies ("assistance") of almost \$21 billion.
- Disbursed ("net expenditures to date") almost \$18 billion.

In terms of repayment:

- Of that almost \$18 billion in subsidies, just under \$1.9 billion (\$1.869 billion) has been repaid.
- Expressed in percentage terms, *only 10.4% of the \$18 billion has been repaid.*

Given the poor repayment record, it is little wonder the department does not wish to properly characterize its new disbursements as conditionally repayable, as that may raise doubts in the media and public as to whether such expenditures/subsidies will ever be repaid.

The Monty Python excuse from Industry Canada: "Nothing to see here, absolutely nothing to see"

In response to past disclosures of the poor repayment records at Industry Canada, successive ministers and spokespersons have consistently stuck to their main talking points: that public money "invested" by government on behalf of taxpayers will one day return to the public treasury, and that these are long-term investments/subsidies for products that can take years and decades to show a return. For example, on the now defunct program, Technologies Partnerships Canada (TPC), Industry Canada cautions that "repayments are not expected for a number of years," until 2033 in some cases, but asserts that TPC repayments are on schedule (Industry Canada, 2010b).

Problematically, while aircraft/engines may have longer life cycles, some of the products/technologies may well have become obsolete by 2033 or long before and repayment may not occur as the product may no longer be saleable. In that case, when conditionally repayable contributions are based on actual sales, the loss will be the public's to incur.

Table 1: Industry Canada assistance, authorizations, net expenditures and total repayments**Industry Canada Financial Assistance Programs - Offers Accepted Between April 1, 1982 and March 19, 2009 by Type of Assistance**

	Total Authorized Assistance	Total Authorized Maximum Loan Insurance Amount	Total Net Expenditures To Date	Total Repayments To Date
Grant	1,165,449,792.00	0.00	1,127,968,169.43	1,400.00
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Other Assistance	1,018,052,192.00	0.00	1,015,162,954.88	33,225,000.00
Totals	20,973,061,206.08	1,184,972,670.00	17,995,292,570.68	1,869,920,030.38

Source: Frontier Centre for Public Policy Access to Information Request



Who benefits? 21,766 recipients of Industry Canada money since 1982

Since 1982, 21,766 recipients have been authorized to receive assistance from Industry Canada with 49,928 “offers” accepted by Industry Canada (many recipients make multiple requests of Industry Canada). Readers can click on the master list here: [http://www.fcpp.org/files/1/Industry Canada Copy of ATIP.xls](http://www.fcpp.org/files/1/Industry%20Canada%20Copy%20of%20ATIP.xls). There are a few non-corporate recipients among the 21,766 names on the list—for example, the Canadian Rehab Council for the Disabled was authorized to receive \$840,000—an authorization to which few would object. But such non-business authorizations are a tiny minority of the list; instead, there are the usual, regular and well-known recipients as well as some odd approvals on the list.

Famous recipients: Examples

- Various divisions of Bombardier in Quebec and Ontario (Bombardier Aerospace, Bombardier Canadair, Bombardier Inc., Bombardier Inc. Div. Sea-Doo/ Ski-Doo, and Bombardier Inc., R.J. Canadair R.J. Division) had 33 offers accepted and were authorized to receive \$750,249,083.
- Pratt & Whitney of Longueuil, Quebec and Mississauga, Ontario (Pratt & Whitney Canada Corp. and Pratt & Whitney Canada Corporation) had 39 offers accepted for a total authorization of \$1,845,509,079.
- Mitel of Bromont, Quebec and Kanata, Ontario (Mitel Corporation and Mitel Networks Corporation) had eight offers accepted for a total authorization of \$72,458,398.

- Martin Pet Foods of Bromont Quebec, a division of H.J. Heinz (the ketchup maker), had one authorization approved for \$720,000.

Non-famous recipients: Examples

In addition to large corporations, there are also a plethora of smaller businesses that receive subsidies from Industry Canada, such as an ice cream shop in Ontario, an automotive shop in Saskatchewan, hotels in Alberta and a tire store in British Columbia. For example:

- Elaine’s Ice Cream Parlour and Deli of Nepean, Ontario was authorized to receive \$97,530 in five different “offers” accepted by Industry Canada;
- Sandco Automotive in Hamilton, Ontario was authorized to receive \$73,500 (one offer);
- Dave’s Autobody in St. Lazare’s, Manitoba was authorized to receive \$53,000 (one offer);
- N&N Oilfield Services in Onion Lake, Saskatchewan was authorized to receive \$43,100 (one offer);
- Pro-Tech Automotive in Regina, Saskatchewan was authorized to receive \$85,000 (one offer);
- Rocky Mountain Bagel in Canmore, Alberta was authorized to receive \$6,375 (one offer);
- Nakoda Lodge in Morley, Alberta was authorized to receive 1,790,672 (two offers);

- Medicine Hat Inn in Medicine Hat, Alberta was authorized to receive \$44,130 (one offer);
- O.K. Tire Store in Quesnel, B.C. was authorized to receive \$60,000 (one offer);

As with larger businesses, the problem with such authorizations is that other enterprises exist with similar product lines and services: tire sales, hotel rooms and ice cream are just a few of the various possibilities among the 21,766 recipients. The loan or grant or contribution to said businesses can only *artificially* increase the advantage of one business over another. It is another example of the Department of Industry picking winners and losers at the most basic level of business: small business, where survival rates are already low.

The loan... to said businesses can only **artificially** increase the advantage of one business over another...



Who refuses to release repayment records to the public?

A look at just one Industry Canada program: Technology Partnerships Canada and its list of repayment records

Some companies have consented to Industry Canada's request to release their repayment records to the public and some have not. Below is a public list on Industry Canada's website as of the March 2010, *but only for Technology Partnerships Canada—not all Industry Canada subsidy programs*. The following symbols are explained as follows according to Industry Canada's website:

- An "**A**" indicates that repayments are not yet due on the company's project(s).
- A "**B**" indicates that the company has not provided Industry Canada's Industrial Technologies Office with an authorization to disclose repayment information. Repayment details are protected under TPC (Technology Partnerships Canada) agreements signed prior to August 2006.
- An "*****" Indicates that a company has multiple TPC projects—some may still be in the R&D phase with no repayments owing.

Readers should be aware that the following list (Table 2) differs from the previous table (Table 1) in that *the following list concerns only Technology Partnerships Canada (TPC) subsidies and repayment records—not all Industry Canada programs*. TPC existed between 1996 and 2006; it was preceded by the

Defence Industry Productivity Program (DIPP) which existed prior to TPC from 1982 until 2006. After 2006 TPC itself was superseded by the Strategic Defense and Aerospace Initiative (SDAI). Many of the companies listed in Table 2 have outstanding amounts under other Industry Canada programs.

Table 2: Technology Partnerships Canada (only) repayment records
(This list excludes other Industry Canada programs)

Contribution Date	Company	Authorized Assistance (\$)	Repayments (\$)
07-Jan-04	333111 Ontario Limited	433,980	130,194
17-Jul-97	Aar-Kel Moulds Ltd.	59,380	B
26-Mar-02	Aastra Technologies Limited	9,900,000	446,780
26-Mar-04	Adacel Inc. *	5,588,900	A
18-Sep-02	Advanced Processing Inc.	367,335	220,401
17-Nov-99	Advantech Satellite Networks Incorporated	2,000,000	B
08-Feb-03	AeroMechanical Services Ltd.	127,415	57,337
28-Mar-03	Aero-Safe Technologies Inc.	664,472	A
26-Mar-03	Aérospatiale Hemmingford Inc.	330,750	70,525
15-Nov-99	Aeterna Zentaris Inc. *	29,423,802	A
11-Nov-98	Air Data Inc.	147,608	B
21-Mar-97	Alcatel Networks Corporation	962,362	B
24-Mar-04	A-Line Precision Tool Ltd.	372,680	B
05-Feb-02	AMI Semiconductor Canada Company	4,600,000	1,626,337
02-Sep-04	Apollo Microwaves Ltd.	753,600	188,400
15-Nov-99	Aqua Bounty Canada Inc.	2,964,900	B
20-Feb-97	Aquarius Flight Inc.	50,870	B
30-Mar-04	ASCO Aerospace Canada Ltd. *	8,752,500	300,000
30-Sep-99	Atlantis Systems International Inc. (ASI)	1,235,800	B
28-Mar-02	ATS Automation Tooling Systems Inc.	25,499,732	B
29-Aug-97	Avcorp Industries Inc. *	8,912,215	3,718,578
01-Mar-04	Avior Integrated Products Inc.	818,028	B
21-Jun-04	Axys Technologies Inc.	2,012,024	A
27-Mar-02	Azure Dynamics Inc.	9,000,000	A
29-Oct-97	Ballard Power Systems Inc.	29,359,998	10,147,062
30-Mar-98	Baultar Composite Inc.	446,479	B
29-Jul-04	B-Con Engineering Inc.	900,000	A
17-Nov-03	Bell Helicopter Textron Canada Limited *	116,020,000	B
17-Nov-99	Bellus Health Inc.	7,885,846	B

Table 3 Cont'd.

30-Mar-01	Bioniche Life Sciences Inc. *	17,200,000	A
20-Mar-97	Bombardier *	141,837,593	129,739,641
03-Feb-98	Bristol Aerospace Limited *	3,721,017	B
27-Mar-97	CAE Inc. *	300,581,758	51,169,827
24-Feb-04	Cajic Family Holdings Incorporated	446,445	66,967
09-Dec-97	Cambrian Systems Corporation	2,287,500	B
24-Oct-06	Camoplast Inc.	1,727,000	A
20-Jan-03	Canadian Shipbuilding & Engineering Ltd.	4,500,000	B
30-Mar-01	Cascade Data Services Inc.	77,214,319	B
05-Mar-01	CaseBank Technologies Inc. *	5,777,814	195,758
24-Mar-05	CellFor Inc.	9,800,000	A
30-Sep-03	Cloakware Corporation	4,636,280	B
27-Mar-97	CMC Electronics Inc. *	23,706,431	B
25-Mar-97	Com Dev Limited *	4,260,114	533,352
17-Mar-03	Composites Atlantic Limited	877,950	B
21-Dec-01	Comtek Advanced Structures Ltd.	3,325,000	B
30-Jul-97	Convedia Corporation	1,089,740	B
07-Aug-01	Cormer Group Industries Inc.	998,000	449,100
05-Feb-04	Cross and Associates Manufacturing Inc.	31,200	B
27-Mar-97	Crystalline Manufacturing Limited	1,469,675	B
26-Jul-02	CS Communication Et Systèmes Canada Inc.	93,880	46,940
31-Mar-04	Cyclone Manufacturing Inc.	892,800	A
27-Mar-97	Cymat Technologies Ltd.	3,357,550	275,187
17-Oct-97	Daimler Buses North America Ltd. *	14,999,922	2,403,557
31-Jul-02	DALSA Corporation	2,738,069	B
26-Jul-04	Dominis Engineering Ltd.	428,734	53,592
27-Mar-98	DRS Technologies Canada Company	897,600	563,150
12-Dec-01	Dupont Canada Inc.	19,040,400	B
22-Sep-05	D-Wave Systems Inc.	9,512,000	A
01-Aug-97	DynaMotive Energy Systems Corporation	8,235,795	A
22-Jun-04	E.T.M. Industries Inc.	192,400	B
24-Feb-99	Eastern Power Limited	6,805,000	B
16-Dec-03	Edgewater Computer Systems, Inc.	2,408,000	B
31-Mar-03	Electrovaya Inc.	9,870,498	B
17-Jun-04	Elisen Technologies Inc.	218,800	A
04-Jun-04	EMS Technologies Canada, Ltd.	4,622,032	601,541
28-Jul-97	Environmental Acoustics Systems Limited	101,397	B
17-Oct-03	Exactatherm Limited	499,050	A
14-Apr-04	ExelTech YQB Inc.	803,500	A
27-Aug-04	ExelTech YUL Inc. (3682986 Canada Inc.)	675,000	A
31-Mar-99	Expro Chemical Products Inc.	1,792,883	B
31-Oct-97	Fare Logistics Corp.	393,942	B
19-Mar-04	Ferrinov Inc.	1,868,230	A

Table 3 Cont'd.

18-Jan-02	Finition de Métal National N.M.F. (Canada) ltée [NMFC]	1,000,000	B
04-Sep-02	Firebird Semiconductors Ltd.	1,143,894	74,768
23-Mar-98	Formal Systems Inc.	495,288	B
15-Oct-96	FPInnovations *	18,000,000	5,003,450
03-Jan-02	fSONA Communications Corporation	9,994,334	B
29-Mar-01	FuelMaker Corporation	2,960,309	B
26-Mar-98	Future Sea Technologies Inc.	3,000,000	B
15-Jul-02	Futuretek-Bathurst Tool Inc.	871,875	A
30-Sep-97	Gallium Visual Systems Inc.	2,242,500	280,779
05-Mar-02	GasTOPS Ltd. *	2,070,700	A
22-Dec-97	GE Water & Process Technologies Canada *	19,677,000	B
27-Mar-97	General Dynamics Canada Ltd.	2,170,000	B
26-Mar-03	General Dynamics Ordinance and Tactical Systems-Canada Inc.	2,626,196	225,553
31-Mar-03	GMA Cover Corp.	4,758,750	1,858,439
23-Aug-99	Goodrich Aerospace Canada Ltd. *	59,183,500	B
29-Mar-01	Guigne Inc.	4,864,400	B
17-Nov-99	Haley Industries Limited	3,025,000	B
09-Jul-98	Harris Stratex Networks Canada ULC *	18,138,000	5,011,659
30-Mar-98	Héroux Devtek Inc. *	8,617,143	B
20-Dec-96	Honeywell ASCa Inc. *	112,573,528	14,231,713
21-May-04	Hyperion Technologies Inc.	1,000,000	B
31-Mar-99	IBM Canada Ltd.	33,000,000	B
31-Mar-00	ID Biomedical Corporation *	85,938,680	19,428,750
21-Mar-01	iFire Technology Ltd.	30,000,000	830,000
29-Sep-00	Indal Technologies Inc. *	5,771,142	B
26-Jun-97	Industrial Rubber Company Ltd.	476,000	B
08-Dec-03	Infowave Software Inc.	6,196,075	B
17-Dec-01	INSTRUMAR Limited	6,580,000	147,826
27-Jul-04	Integran Technologies Inc.	3,427,200	A
30-Mar-01	Intelligent Mechatronic Systems Inc.	2,999,414	B
21-Jan-05	Interfast Inc.	925,125	115,641
30-Mar-98	International Water-Guard Industries Inc *	625,705	337,989
09-Aug-02	Intrinsyc Software Inc.	6,371,351	B
25-Apr-97	Inventus Technology Inc	161,000	B
13-Jan-99	Iogen Energy Corporation *	17,691,633	B
08-Aug-01	ITS Electronics Inc.	900,000	B
16-Nov-99	Kiadis Pharma Canada Inc.	4,600,034	B
24-Mar-04	Kongsberg Mesotech Ltd.	5,220,000	B
30-Mar-98	Larcen Inc.	5,227,053	918,362
31-Mar-04	LETAR Inc.	497,500	A
16-Sep-96	Lex Technologies Inc.	750,000	B
24-Mar-03	Likro Precision Ltd.	998,514	299,554
22-Nov-06	Linamar Corporation	8,970,000	A

Table 3 Cont'd.

19-Dec-01	Lockheed Martin Canada Inc.	4,560,600	B
19-Mar-01	LPP Manufacturing Inc.	9,279,940	B
03-Dec-03	Luminex Molecular Diagnostics Inc.	7,300,000	802,940
04-Mar-04	Luxell Technologies Inc. *	2,042,552	B
31-Mar-98	MacDonald, Dettwiler and Associates Ltd. *	29,969,489	4,574,249
31-Mar-97	Magellan Aerospace Limited *	12,410,500	B
31-Mar-99	Magellan Aerospace Limited *	9,667,250	1,083,564
13-Feb-97	Maratek Environmental Inc.	482,922	10,432
20-Oct-00	Mattson Technology Canada Inc.	8,336,507	B
25-Mar-03	McLeod Harvest Inc.	3,013,500	B
28-Oct-97	MDS Aero Support Corporation *	6,198,213	B
27-Mar-03	MDS-PRAD Technologies Corporation *	3,267,786	B
29-Oct-02	Mecachrome Montréal-Nord, Inc.	177,300	66,488
26-Sep-97	Messier-Dowty Inc. *	73,240,009	B
22-Oct-97	Methylgene Inc.	4,770,000	A
31-Mar-04	MetroPhotonics Inc.	7,736,000	B
31-Mar-05	Migenix Inc.	9,265,620	A
30-Aug-04	Minicut International Inc.	596,417	A
20-Dec-06	Mist Mobility Integrated Systems Technology Inc. (MMIS)	8,993,000	A
10-Oct-02	Mitel Networks Corporation	60,000,000	B
29-Jan-99	Mosaid Technologies Incorporated	6,220,000	2,980,253
07-Dec-05	Navistar Canada, Inc.	30,000,000	B
19-Mar-01	Neptec Design Group Ltd.	6,150,000	1,046,246
25-Apr-97	Newman Technologies Inc. *	1,294,670	B
27-Mar-03	NGRAIN (Canada) Corporation *	12,000,000	A
22-Jul-04	Noranco Inc. *	1,296,000	194,400
17-Oct-00	Norsat International Inc.	9,999,700	900,294
17-Nov-99	Northstar Aerospace (Canada) Inc.	1,432,832	B
31-Mar-98	Northstar Energy Corporation	1,300,000	B
27-Mar-03	Novatronics Inc. *	2,100,683	245,579
09-Nov-99	Nps Allelix Corp.	8,365,511	B
25-Jan-02	OceanWorks International Corporation	554,176	B
15-Nov-99	Offshore Systems Ltd. *	7,768,568	B
31-Mar-04	OMNEX Control Systems ULC	7,500,000	873,446
21-Mar-01	Optech Incorporated	6,826,478	B
19-Mar-97	Oracle Corporation Canada Inc.	1,668,657	699,053
27-Mar-97	Orenda Recip Inc.	8,381,000	B
31-Mar-03	PCI Geomatics Group Inc.	5,563,240	254,904
31-Mar-05	Petrobank Energy and Resources Ltd.	9,000,000	B
04-May-01	Petro-Canada	7,500,000	B
23-Jan-04	Pirlitor Machine & Tool Ltd.	145,823	21,873
29-Mar-05	Plug Power Canada Inc. *	2,819,217	B
14-Mar-97	Powerlasers Limited.	1,230,569	677,016

Table 3 Cont'd.

06-Mar-97	Pratt & Whitney Canada Corp. *	1,041,804,068	96,415,338
22-Sep-06	Premier Horticulture Itée	6,077,027	A
22-Sep-06	Premier Tech Chronos Itée / Systèmes Erin Itée	9,208,502	A
24-Jul-02	Premier Tech Technologies Ltée *	13,808,470	B
09-Mar-98	Presagis Canada Inc. *	4,464,000	31,974
19-May-99	PRO MAC Manufacturing Ltd.	160,000	5,509
19-Jul-02	PyroGenesis Inc.	5,594,200	B
24-Oct-01	QNX Software Systems(Wavemakers), Inc.	4,418,283	56,944
31-Mar-05	Quantiam Technologies Inc.	3,576,300	A
31-Mar-99	QuestAir Technologies Inc. *	13,087,267	854,227
30-Mar-98	Raytheon Canada Limited *	12,682,210	4,042,165
03-Dec-01	Redline Communications Inc.	4,596,024	2,153,634
10-Jun-03	Reil Industrial Enterprises Limited	415,125	A
27-Feb-98	Research In Motion Limited *	39,631,096	B
21-Sep-06	Rio Tinto Alcan Inc.	19,100,000	A
16-Jan-02	Rivait Machine Tools Inc.	766,485	B
31-Mar-00	Rolls-Royce Canada Limited *	75,200,000	2,845,546
30-May-03	Sandvine Incorporated	9,500,000	2,635,689
15-May-97	Sanofi Pasteur Limited	60,000,000	B
03-Aug-98	SCC Environmental Inc.	491,552	B
30-Mar-01	SemBioSys Genetics Inc	5,522,607	B
19-Oct-00	Sierra Wireless Inc *	14,558,544	13,500,000
17-Nov-99	SNC - Lavalin Energy Control Systems Inc.	8,715,900	1,470,350
08-Mar-99	Société d'Imagerie Electromed Inc.	499,995	B
15-Jul-05	Soucy International Inc.	8,901,300	A
29-Mar-04	Spectral Diagnostics Inc.	3,900,000	A
28-Mar-03	St. John's Dockyard Limited	4,042,500	47,598
22-Oct-98	Stuart Energy Systems Corporation	7,243,748	A
24-Sep-01	Taylor-Corp. Inc.	860,000	B
10-Nov-03	Technologies HumanWare Canada Inc.	3,937,500	A
12-Nov-99	Tekmira Pharmaceuticals Corporation	9,329,912	A
27-Mar-97	Teleflex GFI Control Systems Inc. *	10,837,597	B
06-Dec-02	TFI Aerospace Corporation	460,300	B
14-Nov-97	Thales Canada Inc. *	19,890,000	8,307,692
15-Nov-99	Thermo CRS Ltd.	1,120,761	B
05-Nov-01	TIR Systems Ltd	6,636,271	B
31-Mar-03	Transcore Link Logistics Inc.	5,250,000	154,553
29-Aug-01	Trojan Technologies *	4,719,811	3,680,461
26-Mar-97	Tundra Semiconductor Corporation *	7,396,000	B
31-Mar-03	Vale Inco Newfoundland & Labrador Limited	60,000,000	B
18-Dec-06	Valiant Corporation	6,071,693	A
27-Oct-02	Vanguard Aviation Corp.	117,580	B
30-Mar-99	Vecima Networks Inc. *	14,599,616	B

Table 3 Cont'd.

16-Sep-05	Vector Aerospace Helicopter Services Inc.	3,520,200	A
12-Oct-01	Viking Air Limited	191,800	57,540
03-Oct-05	Viron Therapeutics Inc.	4,938,825	B
03-Feb-98	Vistar Telecommunications Inc.	941,462	B
18-Dec-06	ViXS Systems Inc.	9,152,880	A
24-Apr-97	Walbar Canada Inc.	976,031	B
27-Mar-03	Westport Innovations Inc.	18,912,010	B
31-Mar-03	Wi-LAN Incorporated	8,754,648	B
02-Nov-01	World Heart Corporation	9,980,000	163,072
31-Mar-04	Xantrex Technology Inc.	7,200,000	A
13-Feb-04	Yotta Yotta Inc.	7,673,513	B
19-Sep-06	Zarlink Semiconductor Inc.	7,150,737	A
Totals		\$3,480,273,916 (Total authorized assistance)	\$402,621,738 (Total repayments)

Source: Industry Canada, TPC Status Report November 1, 2009.

Remedy and recommendation: End business subsidies in exchange for cuts to business taxes

The path away from corporate welfare is not complicated, though it can be politically difficult: Trade the tens of billions in corporate welfare reductions for reductions in business tax rates instead. Prime Minister Stephen Harper himself once criticized subsidies to business in almost all forms from aerospace subsidies to regional development agencies. In a 2004 speech to the Toronto Board of Trade, the then opposition leader pledged to cut taxes for business—but only in exchange for an end to welfare for business (Harper, 2004). In a budgetary predicament where the federal government produced a \$53.8 billion deficit in 2009/10 and forecasts a \$49.2 budget deficit in 2010/11, there is a need to switch from unproductive policy to policy that is neutral and doesn't pick winners and losers.

"Government should concentrate on creating a favourable tax environment rather than try and pick winners and losers."

—Then opposition leader Stephen Harper in his 2004 address to the Toronto Board of Trade

Subsidies to a particular business or sector are artificial and do not deliver the jobs, economy or tax revenues that they too often incorrectly advertise. In contrast, across-the-board reductions in business taxes favour no individual firm or sector, and thus are neutral in application.

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Further Reading

November 2009

Canada's Corporate Welfare Bill: \$30,252 per Family

Mark Milke

<http://www.fcpp.org/publication.php/3067>

November 2009

Subsidizing Separatism in Quebec

Mark Milke

<http://www.fcpp.org/publication.php/3050>



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