

Economic Diversification and Growth Enterprises

Activity Plan 2020-2023

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Chairperson's Message

As Chair of the Board of the Economic Diversification and Growth Enterprises (EDGE) Program, I am pleased to present the Board's activity plan for fiscal years 2020-2023. In accordance with the **Transparency and Accountability Act**, this plan was prepared under the direction of the Board, which is accountable for the achievement of the objectives outlined in this document.

Under the province's **Transparency and Accountability Act**, the EDGE Board is classified as a category three entity. As such, this requires the Board to prepare an activity plan that clearly outlines the activities it will undertake for the period covered by the plan. Additionally, these activities are within the mandate, current budget and take into consideration the strategic directions of the Provincial Government.

Sincerely,

Chairperson
Economic Diversification and Growth Enterprises Board

Overview

The Economic Diversification and Growth Enterprises (EDGE) Program was established under the authority of the **Economic Diversification and Growth Enterprises Act** on December 23, 1994. The program was established to encourage new business investment, expansion, and diversification of existing businesses in the province through a number of tax and other related incentives.

Once received, applications for designation as an EDGE corporation are evaluated by an independent Board (the Board) appointed by the Lieutenant Governor in Council. As of the time this plan was prepared, the Board consisted of five private sector members and three senior public sector officials who make recommendations with respect to the applications to the Lieutenant Governor in Council through the Minister of Industry, Energy and Technology (IET).

The Board does not have its own staff. Rather, IET provides administrative support to the Board. EDGE is an incentive-based program that is available to national and international companies who wish to establish a new enterprise in the province, local companies that want to expand, and local entrepreneurs who are interested in new business start-ups. To be considered for EDGE status, a company must demonstrate that it is a new or expanding business activity that:

- Has the potential for new capital investment of at least \$300,000 or incremental sales of at least \$500,000;
- Has the potential to create and maintain at least 10 new permanent jobs in the province;
- Offers the opportunity for long-term sustainable jobs and growth;
- Would not take place in the province in the absence of the EDGE incentives, in preference to another location or at the time when it is proposed to do so;
- Has a substantial net economic benefit to the province; and

- Would not result in the company having a direct competitive advantage over other businesses already established in the province, if provided EDGE status.

Companies that are granted designation as an EDGE Corporation and enter into a contract with government must meet and maintain these eligibility criteria in order to receive EDGE benefits, unless extenuating temporary circumstances exist for which the Lieutenant Governor in Council may give a temporary reprieve and continue the benefits. With the approval of the Lieutenant Governor in Council, EDGE contracts may be amended or revoked at any time if the company fails to comply with the terms of the contract entered into with the Provincial Government.

EDGE-designated companies are eligible to receive:

- A 100 per cent rebate/remission on provincial corporate income tax and the provincial health and post-secondary education (payroll) tax. The tax “holiday” for eligible companies is 10 years on the Northeast Avalon and 15 years outside the Northeast Avalon as defined in the **Economic Diversification and Growth Enterprises Act**;
- A 50 per cent rebate on federal corporate income tax for the periods referenced above;
- A further five-year even phase-out period of partial rebates on the provincial and federal taxes referenced above;
- A 100 per cent rebate on municipal property and/or municipal business taxes for 10 or 15 years, followed by a five-year even phase-out of such rebates, where individual municipalities elect to participate in the EDGE program; and
- Access to unserviced Crown land for \$1 where such land is available and required to implement the company’s business plan.

Further information about EDGE can be found by visiting

<https://www.gov.nl.ca/iet/funding/economic-development-and-growth-enterprise-program-edge/>

Mandate

The mandate of the Board is to evaluate applications for designation as an EDGE Corporation and to make recommendations to the Lieutenant Governor in Council through the Minister of IET. When necessary, the Board may request additional information from applicants to enable proper evaluation of applications.

Legislative authority for the Board resides in the **Economic Diversification and Growth Enterprises Act** where:

“Applications for designation as an EDGE Corporation shall be evaluated by a board appointed by the Lieutenant Governor in Council...who shall make recommendations with respect to the applications to the Lieutenant Governor in Council through the minister.”

and

“Where the board requests it, an applicant for designation as an EDGE Corporation shall provide the other information...that the board may require to enable it to conduct a proper evaluation of the application.”

Primary Clients

The applicants to the program and EDGE approved corporations are the primary clients of the EDGE Board. The Board’s primary responsibility is to the Provincial Government and the Minister of IET in the evaluation and recommendation of applications for designation as an EDGE Corporation. The Board is also responsible to the applicants by endeavoring to render decisions on applications and making recommendations in a timely and efficient manner.

Strategic Issues

Strategic Issue 1: Evaluation of applications for designation

The EDGE Board of Directors evaluates applications for designation as an EDGE Corporation and makes recommendations with respect to the applications to the Lieutenant Governor in Council through the Minister of IET.

The Board's primary function that will represent the focus of the Board's work over the next three years is the timely evaluation of EDGE program applications. Through incentives available to new enterprises as well as to companies wishing to expand, the EDGE program supports the Provincial Government's strategic direction of Promote and Accelerate Economic Growth, particularly in the area of business investment.

In consideration of the Provincial Government's strategic directions, specifically A Better Economy, as well as the mandate and financial resources of the Board of Directors of the EDGE program, the Board intends to report on the objective below, through its annual reports, for each fiscal year of this plan (2020-2021, 2021-2022 and 2022-2023).

Objective 2020-2021

By March 31, 2021, the Board will have evaluated and made recommendation on all EDGE program applications made within the fiscal year that were ready for review by the Board.

Indicators

- Number of application evaluated (that were made within the fiscal year and ready for the Board's review).
- Recommendations made to the Lieutenant Governor in Council.

Objective 2021-2022

By March 31, 2022, the Board will have evaluated and made recommendation on all EDGE program applications made within the fiscal year that were ready for review by the Board.

Objective 2022-2023

By March 31, 2023, the Board will have evaluated and made recommendation on all EDGE program applications made within the fiscal year that were ready for review by the Board.

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