

Economic Diversification and Growth Enterprises

Activity Plan 2023-2026

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Chairperson's Message

As Chairperson 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 2023-2026. 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 **Transparency and Accountability Act**, the EDGE Board is classified as a Category 3 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 have taken into consideration the strategic directions of the Provincial Government.

Sincerely,



Fred Drover
Chairperson

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 (LGIC). At the time of the preparation of this plan, the Board consisted of the following members:

- Fred Drover, Chairperson
- Peggy Bartlett, Member
- Deputy Minister or Assistant Deputy Minister of IET, Member
- Assistant Deputy Minister of Business and Innovation, IET, Member
- Deputy Minister or Assistant Deputy Minister of Finance

The Board does not have its own staff and IET staff provides administrative support to it. The EDGE program is available to local companies that want to expand, local entrepreneurs who are interested in new business start-ups, and national and international companies and investors who wish to establish a new enterprise in the Province. Since the EDGE program is performance based, a company must invest its own capital and/or raise the required financing, perform successfully by earning profits, and create new jobs before it receives financial incentives under the Act. No up-front funding is provided. To be considered for EDGE status, a company must demonstrate that it is a new or expanding business activity and:

- 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 to maintain at least ten new permanent jobs in the

province;

- would not take place in the province in the absence of the EDGE incentives, in preference to another location at the time when it is proposed to do so;
- has a substantial net economic benefit to the Province; and,
- will not result in the company having a direct competitive advantage over other businesses already established in the Province.

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 LGIC may give a temporary reprieve and continue the benefits. With the approval of the LGIC, 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 Government.

EDGE-designated companies are eligible to receive:

- a 100 per cent rebate on provincial corporate income tax;
- exemption from payroll tax for a period of ten years if the business is established within the Northeast Avalon area and for fifteen years if established outside the Northeast Avalon area;
- a 50 per cent rebate on federal corporate income tax for the periods referenced above (double EDGE);
- a further five-year period of partial rebates on provincial and federal taxes referenced above;
- access to unserviced Crown land for \$1.00;
- a participating municipality may grant the company a 100 per cent exemption from their business and/or property taxes for the same timeframes as noted above.

Further information about EDGE is available at:

<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 LGIC through the Minister of IET.

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.

Vision

The Board has adopted, and contributes to IET's vision, as follows:

A prosperous Newfoundland and Labrador with a clean, innovative, and diversified economy capitalizing on the Province's resources and strategic advantages and supported by private sector investment and business growth across all regions of the province.

Strategic Issue

Evaluation of Applications for Designation

The EDGE Board evaluates applications for designation as an EDGE Corporation and makes recommendations with respect to the applications to the LGIC through the Minister of IET. The Board's primary function is the timely evaluation of EDGE program applications. This function is consistent with Government's following strategic directions to: Industry and Business Supports and Investment; and Innovation, Economic Development and Diversification.

The Board intends to report on the following objective, through its annual reports, for each fiscal year of this plan (2023-2024, 2024-2025 and 2025-2026).

Objective

By March 31, 2024, 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).
- Number of recommendations made.

Annex A - Strategic Directions

A strategic direction is the articulation of a desired physical, social, or economic outcome that would normally require action by, or involvement of, more than one government entity. The following strategic directions have been identified by Government for this planning cycle and are relevant to the operations of the EDGE.

1. Industry and Business Supports and Investment

Outcome: Increase investment in the province and continue support to grow companies within Newfoundland and Labrador.

2. Innovation, Economic Development and Diversification

Outcome: Creating a business environment that fosters technology, innovation and R&D.

