

Board of Directors  
Economic Diversification  
and Growth Enterprises

Activity Plan

2014 - 2017



Innovation, Business and Rural Development

# Table of Contents

- Message from the Chair ..... 3
- Overview ..... 4
- Mandate ..... 6
- Values ..... 7
- Primary Clients ..... 7
- Vision ..... 8
- Mission..... 9
- Board’s Objective ..... 9
- Appendix 1: Strategic Directions..... 10

## Message from the Chair

On behalf of the Board of the Economic Diversification and Growth Enterprises (EDGE) Program, I am pleased to present the Board's 2014-2017 Activity Plan. In accordance with the *Transparency and Accountability Act*, this activity plan was prepared under the direction of the Board which is accountable for the achievement of the objective outlined herein.

The EDGE Board is classified as a category three entity under the province's *Transparency and Accountability Act*. This requires the Board to prepare an activity plan that clearly outlines the activities it will undertake for the period covered within its mandate and current budget and takes into consideration the strategic directions of the Provincial Government.

Sincerely,



Fred Drover  
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 and expansion/diversification of existing businesses in the province through a number of tax and other related incentives.

Applications for designation as an EDGE corporation are evaluated by an independent Board (the Board) appointed by the Lieutenant-Governor in Council. The Board is currently comprised of four private sector members and two senior public sector officials who make recommendations with respect to the applications to the Lieutenant-Governor in Council through the Minister of Innovation, Business and Rural Development.

The Board does not have its own staff. The Department of Innovation, Business and Rural Development 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 as well as 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 its new or expanding business activity:

- 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.

Those companies that are granted designation as an EDGE Corporation and enter into a contract with the Provincial Government must reach 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 percent 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 percent 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 percent 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.



## 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 Innovation, Business and Rural Development. 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.”*

## Values

The core values explain the character of the organization we promote and the action statements guide behavior. The core values which guide the behavior of the Board of Directors of EDGE are as follows:

- |                |  |
|----------------|--|
| Effectiveness  | Each person makes informed decisions in a timely and professional manner.  |
| Responsiveness | Each person builds relationships of trust and collaboration with other Board members.  |
| Communication  | Each person takes initiative to promptly share information with other Board members in support of the Corporation's mandate. |



## Primary Clients

The applicants 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 Innovation, Business and Rural Development 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.

## Vision

The vision of the Department of Innovation, Business and Rural Development is of a vibrant, diverse, and sustainable economy with productive and prosperous regions throughout the province.

The work of the Board supports the vision of the Department of Innovation, Business and Rural Development. Through the EDGE program, the Board assists in providing investment incentives that contribute to a diversified and competitive economy in all regions of the province.





## Mission

The mission of the Department of Innovation, Business and Rural Development is as follows:

By 2017, the Department of Innovation, Business and Rural Development will have stimulated economic and business development to foster regional and provincial prosperity.

While the Board does not have its own mission statement, it contributes to the Department's mission of stimulating economic and business development through its work with the EDGE program which facilitates new business investment throughout the province.

## Board's Objective

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 Innovation, Business and Rural Development.

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 companies wishing to expand, the EDGE program supports the Provincial Government's strategic directions in the areas of business development and investment. In consideration of the Provincial Government's strategic directions 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 (2014-2015, 2015-2016 and 2016-2017).

### Objective

By March 31, 2015 the Board will have evaluated and made recommendations on all EDGE program applications made within the fiscal year that were ready for review by the Board.

### Measure

Evaluated and made recommendations on EDGE program applications.

### Indicator

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



Verafin

# Appendix 1: Strategic Directions

## Department of Innovation, Business and Rural Development

Strategic Directions related to the Department of Innovation, Business and Rural Development are provided below. They are generally broad and far-reaching, and normally require action by more than one Provincial Government entity to achieve. These directions are communicated by the Provincial Government through platform documents, throne and budget speeches, policy documents, and other communiqués. Each strategic direction comprises a number of components, or focus areas, that are addressed in either the strategic plan, operational plan or work planning processes of each Provincial Government entity.

**Title:** Regional Development, Business and Industry Support

**Outcome:** Diversified and strengthened regional economies

Components of Strategic Directions	This direction is: Addressed in the Board's activity plan
Business Development	X
Industry Development	
Partnership/Collaboration	
Capacity Building	
Entrepreneurship	

**Title:** Trade, Investment Development and Business Promotion

**Outcome:** Increased trade, investment development and business promotion

Components of Strategic Directions	This direction is: Addressed in the Board's activity plan
Trade Policy	
Trade Logistics	
Export Development	
Investment	X

**To Obtain a Copy of This Plan:**

**Electronic**

Website: [www.gov.nl.ca/IBRD/publications](http://www.gov.nl.ca/IBRD/publications)

**Paper**

Department of Innovation, Business  
and Rural Development

P.O. Box 8700, Confederation Building  
St. John's, Newfoundland and Labrador A1B 4J6

Telephone: (709) 729-7000

Toll Free: 1-800-563-2299

Facsimile: (709) 729-0654

E-mail: [IBRD@gov.nl.ca](mailto:IBRD@gov.nl.ca)



**Innovation, Business and Rural Development**