

Economic Diversification and Growth Enterprises

Annual Report 2017-2018



Tourism, Culture, Industry and Innovation

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MESSAGE FROM THE CHAIR

As Chair of the Board for the Economic Diversification and Growth Enterprises Program, I am pleased to present its annual report for the fiscal year ending March 31, 2018. The annual report is submitted in accordance with the obligation as a category three entity under the **Transparency and Accountability Act**, prepared under the direction of the Board, which is accountable for the actual results reported.

Sincerely,

A handwritten signature in blue ink, appearing to read 'William Wells', is written over a faint, illegible printed name.

William Wells
Chair

OVERVIEW

Background

The Economic Diversification and Growth Enterprises (EDGE) program was established on December 16, 1994 under the authority of the **Economic Diversification and Growth Enterprises Act**. The program was designed as an economic development and marketing tool to encourage new business investment in the province. It helps diversify the economy and stimulate private sector job creation through a number of tax-related and other incentives.

EDGE is available to national and international companies that 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 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;
- 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 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. EDGE contracts may be amended or revoked at any time if the company fails to comply with the terms of the contract.

EDGE designated companies are eligible to receive:

- 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 & Growth Enterprises Act**;
- 50 per cent rebate, paid by the province, 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;
- 100 per cent rebate on municipal property and/or municipal business taxes for 10 or 15 years, followed by a five-year phase-out of such rebates, where individual municipalities elect to participate in the EDGE program; and,
- access to un-serviced Crown land for \$1 where such land is required to implement the company's business plan.

The EDGE program is not required to provide audited financial statements.

Board of Directors

Applications for designation as an EDGE Corporation are evaluated by an independent Board appointed by the Lieutenant-Governor in Council. The Board does not have its own staff. TCII provides administrative support to the Board.

At the end of this reporting period, March 31, 2018 the Board consisted of the following members:

Chairperson	William Wells
Vice-Chairperson	Fred Drover
Members	Denise Hanrahan, Deputy Minister, Department of Finance Ted Lomond, Deputy Minister, Department of Tourism, Culture, Industry and Innovation Judith Hearn, Assistant Deputy Minister, Department of Tourism, Culture, Industry and Innovation Dennis Waterman Peggy Bartlett

Mandate

Legislative authority for the Board resides in the **Economic Diversification and Growth Enterprises Act**. As per the Act, 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 Tourism, Culture, Industry and Innovation (TCII). When necessary, the Board may request additional information from applicants to enable proper evaluation of applications.

Values

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. |

PERFORMANCE REPORT

In consideration of the mandate and financial resources of the Board of Directors of the EDGE program, the Board reports on the objective and indicators below, through its annual reports, for each fiscal year of its three-year activity plan (2017-18, 2018-19 and 2019-20).

Objective: By March 31, 2018 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.

Indicator #1: Number of applications evaluated (that were made within the fiscal year and ready for the Board's review)
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No applications were evaluated. Two applications were received in the fiscal year, however the first application was withdrawn by the proponent and the Department is waiting on additional information from the proponent to complete the review of the second application. Once all information is received the application will be evaluated.
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Indicator #2: Recommendations made to the Lieutenant-Governor in Council.
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No recommendations were made in 2017-2018.
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