

Sustainable Canadian Agricultural Partnership

Competitive. Innovative. Resilient

SCHEDULE 3 – PROJECT CATEGORY: IMPLEMENTATION OF EQUIPMENT AND TECHNOLOGY

For interpretation of Guidelines, please see section 9 Interpretation Of Guidelines.

1. Purpose Of the Project Category

The purpose of this Project Category is to support the acquisition of equipment and/or technology to create a new product to enter a new market, and/or to increase production capacity that will enable market opportunities and/or increase export competitiveness. This Project Category is open to Primary Producers and Processors that meet the eligibility criteria outlined in the Guidelines and in this Schedule “3”.

2. Term Of the Project Category

See section 2 of the Guidelines.

3. Funding For the Project Category

A Recipient is eligible to receive twenty-five percent (25%) of Eligible Costs up to a maximum of four hundred and ninety-nine thousand and nine hundred ninety-nine dollars (\$499,999).

4. Operation Of the Project Category

4.1. Eligible And Ineligible Activities

4.1.1. Eligible Activities

The following activities as they relate to agricultural, food, or beverage products are eligible under the Project Category:

- (a) Acquiring and installing equipment and/or technology necessary to:
 - i) Make a new product, and/or

- ii) Increase production capacity to enter new market(s) or expand market(s); and
- (b) One-time associated training from the vendor or supplier for acquired equipment and technology.

A Project may only start after the Ministry has approved it. The approval date will be communicated in the Approval Letter to the successful Applicant. Deposits made prior to the approval date on activities within a Project will result in those activities and/or entire Project to be ineligible.

4.1.2. Ineligible Activities

The following activities are ineligible under this Project Category:

- (a) Acquiring or replacing existing equipment or technology that does not directly result in new product production or increase in production capacity that would lead to expanding existing markets and/or entering new markets;
- (b) Acquiring equipment or technology to be installed at a production facility not owned or operated by the Applicant (such as equipment or technology acquired by brand owners);
- (c) Acquiring and installing equipment and technology that advances food safety and traceability only;
- (d) Replacing existing equipment or technology that is no longer functional, and/or needs repairs;
- (e) Modifications and/or additions to an existing structure; and
- (f) Any activity that is not set out under section 4.1.1 of this Schedule “3” of the Guidelines.

4.2. Eligible Costs And Ineligible Costs Under the Project Category

4.2.1. Eligible Costs Under the Project Category

The following costs are eligible for the purposes of the Project Category, provided they were validly and reasonably incurred and directly necessary to carry out the Recipient’s Project:

- (a) Costs that were incurred and/or paid for on or after the approval of the Project by the Ministry and on or before the Project completion date;
- (b) Costs that reflect the actual costs to the Recipient, less any costs, including taxes, for which the Recipient has received, will receive or is eligible to receive, a rebate, credit or refund;
- (c) Cost of new or refurbished (from the original equipment supplier) equipment and technology that are aligned with the eligible activities in section 4.1.1 of

this Schedule “3” of the Guidelines. This may include cost of monthly principal payments for equipment that is leased to own (Note: Lease arrangements must meet 4.2.1.(a) meaning they cannot begin before the approval of the Project by the Ministry, and only monthly principal payments up to Project completion date will be eligible);

- (d) One-time costs for shipping and installation of equipment and technology (such as plumbing, electrical, etc., if required for equipment to be operational); and
- (e) One-time costs (such as registration, transportation, meals, and accommodations) for training provided directly by the vendor or supplier related to the acquired equipment or technology.

4.2.2. Ineligible Costs Under the Project Category

The following costs are ineligible for the purposes of the Project Category:

- (a) Costs to apply to the Initiative;
- (b) Costs that were incurred and/or paid for before the approval of the Project by the Ministry and after the Project completion date;
- (c) Costs to obtain goods, services or both, where those goods, services or both were not obtained from an entity operating at Arm’s Length from the Recipient;
- (d) Costs related to the Recipient’s ordinary business operations and maintenance, including costs of normal production inputs (such as ingredients, packaging and labelling) as well as regular sales/marketing activities;
- (e) Costs related to submitting reports to the Ministry;
- (f) Costs for local branding initiatives that could result in or lead to competition with another province or territory;
- (g) Costs associated with any activities for products that are not intended to be sold beyond the Recipient’s business location(s);
- (h) Retailer, distributor/broker or food services costs including listing or slotting fees;
- (i) Costs associated with starting up a new business or facility;
- (j) Deposits (prepayments) for which goods and/or services are not yet fully paid for or received;
- (k) Recipient’s staff salary;
- (l) Any in-kind contributions (such as ingredients or samples provided by the Recipient, etc.);
- (m) Alcohol, hospitality and gifts;
- (n) Costs of the maintenance of an existing third-party certification;
- (o) Food safety program development and/or certification;
- (p) Membership, sponsorship, and subscription costs

- (q) Costs related to multi-use items (such as smart phones, office supplies, etc.);
- (r) Costs of equipment lease without a lease to own agreement;
- (s) Interest charges, insurance, maintenance and service, administrative fees, buy-out fees, cancellation penalties related to equipment acquisition and equipment lease including when equipment is leased to own;
- (t) Costs to remove old equipment;
- (u) Costs of equipment or components that provide support but are not integral to the Project;
- (v) Ongoing software fees, licensing, subscriptions, extended warranties, or service costs for the continued operation of the equipment post Project end date;
- (w) Costs of vehicles, transportation equipment, mobile material handling equipment (powered or unpowered), and construction and general agriculture machinery (such as farm equipment);
- (x) Costs that have already been claimed under other Project Categories under the Initiative;
- (y) Any costs associated with lobbying the Province, including other ministries, agencies and organizations of the Government of Ontario or Canada, including other departments, agencies and organizations of the Government of Canada;
- (z) Any costs that were, in the Province's opinion, unreasonable incurred or are not necessary for the successful completion of the Project; and
- (aa) Any other costs that are not set out under section 4.2.1 of this Schedule "3" of the Guidelines.

4.3. Eligibility Requirements

See section 4.3 of the Guidelines.

4.4. Applying To the Project Category

In addition to the criteria outlined in section 4.4. of the Guidelines, to apply to this Project Category an Applicant **must**:

- (a) Provide a written quote for each requested cost from any third-party providing a good, service or both detailing the proposed Eligible Costs for the Project. The quotes should include:

- i) The legal name of the third-party organization, consultant, or manufacturer,
- ii) The date the quote was provided,
- iii) A clear description of the good and/or service being provided, and
- iv) Expected costs, including any ancillary charges and applicable taxes.

(b) Provide either a business analysis or a market development plan that outlines the rationale for the Project. This should at minimum include:

- i) Market research and analysis that supports entry/expansion into identified market(s), and/or the development of the new product,
- ii) The analysis and methodology used to determine the business impacts such as potential job creation/retention, potential sales increase, and increase in production output, and
- iii) The implementation strategy.

4.5. Review Of Application, Evaluation Criteria And Notification

The Ministry will review the Application Form to determine whether the Applicant is eligible to participate in the Project Category.

Applications will be evaluated based on the extent to which:

- (a) Target markets/channels are fully identified and articulated based on previous market analysis;
- (b) Project rationale supports market diversification and trade resiliency, and how clearly the opportunities and challenges are identified and addressed. The Project must build upon an existing business analysis or market development plan referenced in Section 4.4 (b);
- (c) Business impacts of the Project, in relation to market diversification and resiliency, are quantified and substantiated:
 - i) Potential job creation and/or retention,
 - ii) Potential sales increase and/or retention, and
 - iii) Increase in production output; and
- (d) Project workplan (such as activities and timelines) is clearly defined and aligned to the Project and quotes provided.