



Southwestern Ontario Development Fund

Ontario Ministry of Economic Development, Trade and Employment
Ontario Ministry of Research and Innovation



Presentation Overview

- Background - Attracting Investment and Creating Jobs Act, 2012
- Fund Objectives
- Eligible Regions
- Program Overview
 - Business Stream
 - Small Community Pilot
 - Regional Stream
- Eligible Sectors
- Eligible Expenses
- Application and Approval Process
- Assessment
- Contacts

Bill 11, *Attracting Investment and Creating Jobs Act*

- The Attracting Investment and Creating Jobs Act introduces the new Southwestern Ontario Development Fund.
- The Eastern Ontario Development Fund was initially announced in 2008 as a 4 year fund to attract investment and support job creation in Eastern Ontario.
- On September 11, 2012 Bill 11 received Royal Assent.
- The fund was launched on October 19, 2012
- Funding for the first project was announced on December 20, 2012

Regional Funds - Objectives

The purpose of the SWODF programs is to:

- Provide financial assistance to promote regional economic development in southwestern Ontario.
- Enhance Ontario's overall economic competitiveness and opportunities for the Ontario labour force.

The SWODF is targeted to existing businesses, municipalities and economic development organizations who:

- Create high value added, sustainable jobs,
- Attract investment,
- Promote innovation, collaboration and cluster development,
- Enhance productivity and competitiveness,
- Increase exports.

The Fund is a discretionary, non-entitlement program.

Eligible Region – Southwestern Ontario



For the purposes of the SWODF program, “Southwestern Ontario” is defined as the following 17 geographic areas under the *Territorial Divisions Act, 2002*: Brant, Bruce, Chatham-Kent, Dufferin, Elgin, Essex, Grey, Haldimand, Huron, Lambton, Middlesex, Niagara, Norfolk, Oxford, Perth, Waterloo, Wellington.

Core Program – Business Stream

Eligible Applicants:

Existing businesses:

- That have 10 or more employees,
- With 3 years of operating experience/financial statements (must have generated revenue),
- In an eligible sector.

Performance Measures:

- Job creation - if business has more than 20 employees it must create 10 jobs; if business has between 10-20 employees must create 50% of current employment,
- Must be a minimum investment of \$500,000 (projects 2 - 4 years in length),

Funding Support:

- Funding is up to 15% of eligible investments.
- For projects with total eligible investments of up to \$10 million, SWODF funding will be offered as a conditional grant to a maximum \$1.5 million, if project milestones and deliverables are met.
- For projects with total eligible investments greater than \$10 million and that lead to creation of 50 or more jobs, funding of up to 15% of eligible project expenditures to a maximum \$5.0M will be offered as a loan. \$1.5 million of the principal of the loan may be forgiven based on achievement of performance targets.
- Applicants will be required to enter into a funding agreement satisfactory to the Ministry that will contain clawbacks in the event that performance targets are not met.
- Successful applicants are expected to contribute at least 50 per cent of eligible project costs from their own business resources or through private financing. The balance can come from other funding sources; however combining SWODF assistance with funding from other provincial programs/agencies will not be permitted.

Small Community Pilot

Eligible Applicants:

Existing businesses:

- that have 5-10 full time employees (FTEs),
- located in municipalities with a population of less than 20,000 or with a population density of less than 100 persons per square kilometre (based on Statistics Canada data), (Lakeshore, Essex, Pelee and Kingsville)
- with 3 years of operating experience/financial statements,
- in an eligible sector.

Performance Measures:

- Job Creation - must create 50% of current employment. (ie. If a business has 6 employees, the job creation would be at least 3 new full time employees).
- Projects must be a minimum investment of \$200,000 over 4 years (compared to core program of \$500,000).

Funding Support:

- Same as Core program.

Regional Stream

Eligible Applicants:

- Municipalities,
- Not-for-profit organizations with economic development mandate, industry associations.

Performance Measures:

- Investment of a minimum of \$100,000 (projects can be up to 4 years in length),
- Lead to job creation and business investment,
- Implement regional economic development priorities.

Funding Support :

- Up to 50% grant, maximum value \$1.5 million,
- Applicant contributes minimum of 35% of investment, other non-provincial government program stacking is permitted.

Eligible Sectors

Eligible Sectors Include:

- Advanced manufacturing (automotive, aerospace, plastics, clean technologies, etc.), life sciences, processing (primary and secondary), tourism, information & communication technology.

Ineligible Sectors for Program Funding Include:

- Primary production (agriculture, mining, forestry), retail, construction, personal services, professional services, consultants, free standing restaurants, golf courses, electricity generation, recycling, academic/ research institutions, residential development, government agencies.

Eligible expenses

Eligible expenses are for one time, project specific expenditures including:

- Building retrofits and project-related infrastructure,
 - Project-related capital expenses,
 - One-time labour and materials,
 - Specialized expertise,
 - Skills training.
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- For Regional Stream projects - Infrastructure for immediate investment, Business attraction cost.

Ineligible expenses:

- Ongoing operational labour and material costs,
- Marketing costs,
- Purchase of land and buildings and construction of new buildings,
- Travel, conferences, meals, hospitality.

Only costs incurred after a conditional funding agreement is executed are eligible.

Application and Approval Process

- Continuous intake of applications:
 - Eligibility checklist
 - Full application
 - Regional staff support
- Assessment and Due Diligence
- Review by inter-ministry senior management committee
- Decision made by the Minister of Economic Development, Trade and Employment. The Fund is a discretionary, non-entitlement program.
- Service standard commitment of 60 days from complete application to decision.
- Following approval
 - Contracting Phase - Legal Agreement - project deliverables and timelines
 - Project Announcement
 - Advance Payment (if approved)
 - Subsequent Disbursements follow investment, completion of milestones and job creation
- Clawback if job creation and investment targets not met

Application Assessment

The assessment process will include:

- Alignment with the goals of the Fund
 - Create high value added, sustainable jobs,
 - Attract investment,
 - Promote innovation, collaboration and cluster development
 - Enhance productivity and competitiveness
 - Increase exports
 - Contribution to the region/sector
- Feasibility/viability of project
- Project budget – eligible costs, sources of financing
- Financial stability of applicant
- Prospect for project to deliver outcomes – for example, applicant capacity to implement project

For more information

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