



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



Slaughter Waste Innovation Program

Applicant's Guide

Canada

© Her Majesty the Queen in Right of Canada, 2010

Cat. No. A118-37/2010E-PDF

ISBN 978-1-100-16187-7

AAFC No. 11227E

Aussi offert en français sous le titre : *Programme d'innovation en matière de traitement des résidus d'abattoirs – Guide du demandeur*



Slaughter Waste Innovation Program Applicant's Guide

Table of Contents

<i>Purpose</i>	4
<i>The Slaughter Waste Innovation Program (SWIP)</i>	4
Eligible Applicants	4
Eligible Projects	5
Eligible Costs	6
Retroactive Costs.....	6
Payments to Recipients	7
Repayment.....	7
<i>Notes to Applicants</i>	9
Communication of Approved SWIP Projects	9
Transferability	9
Retention of Machinery and Equipment.....	9
Information Management	9
Use of In-house or External Lobbyist	10
Conflict of Interest Disclosure.....	11
<i>The Application Process</i>	12
<i>The Environmental Assessment</i>	13
<i>Funding Proposal Assessment</i>	15
<i>SWIP Application Preparation</i>	17
Section 1: Applicant Self-Screening.....	17
Section 2: Applicant/Project Information and Declarations	17
<i>Annex A - Project Description and Work Plan</i>	20
1.0 Project Description.....	20
2.0 Objectives and Expected Results.....	21
3.0 Work Plan Activities and Milestones	22
4.0 Cost Breakdown by Fiscal Year.....	23
5.0 Cost Breakdown by Activity.....	24
6.0 Equipment and Related Systems Costs.....	25
7.0 Contractors and Consultants	26

8.0	Environmental Assessment	27
9.0	Incremental Direct Labour and Research Labour.....	28
10.0	Other Direct Eligible Costs	29
<i>Annex B - Business Plan or Research Plan</i>		<i>30</i>
<i>Annex C - Environmental Assessment.....</i>		<i>34</i>
<i>Annex D - SWIP Cost Principles and Cost Definitions</i>		<i>35</i>
1.0	General Principle	35
2.0	Definition of Reasonable Cost	35
3.0	Direct Costs	35
4.0	Credits	36
5.0	Eligible Activities.....	36
6.0	Eligible Costs.....	36
7.0	Ineligible Costs.....	37

Purpose

This guide provides details on the Slaughter Waste Innovation Program (SWIP) including eligibility criteria, eligible costs and activities, the application process, and information on how the SWIP Application and associated attachments should be completed.

The Slaughter Waste Innovation Program (SWIP)

In the 2010 Speech from the Throne the Government committed to support a competitive livestock sector. The Slaughter Waste Innovation Program (SWIP), announced in Budget 2010 as part of this effort, will support the development and commercialization of innovative technologies related to the removal and use of Specified Risk Material (SRM). The program objective is to strengthen the competitiveness of Canada's beef value chain by providing industry stakeholders with contributions aimed at initiatives for research, development, and commercialization or adoption of innovative technologies or processes for SRM removal, disposal or destruction to reduce handling costs and/or to create potential revenue sources from SRM.

SWIP is a \$40 million, three year program ending on March 31, 2013. It is a discretionary program delivered nationally by Agriculture and Agri-Food Canada.

Contributions under SWIP may be up to 50 percent of total eligible projects costs with the possible exception of proposals which involve basic research and development, wherein a contribution may be up to 85 percent of total eligible project costs. The maximum contribution to any recipient will not exceed \$10 million over the life of the program.

A request for applications will be made at the start of the program and periodically thereafter if funding is still available. Applications that have been received by the stated deadline will be assessed as a batch. Projects that cannot be completed before March 31, 2013, will not be considered.

Eligible Applicants

Eligible applicants include:

- federally, provincially, and territorially inspected cattle slaughter facilities;
- standalone businesses handling SRMs, including rendering plants; and

- research or engineering firms in partnership with the above-noted parties and/or with livestock industry associations, to support pre-commercial research and development work.

Applicants must be Canadian legal entities, including Canadian subsidiaries of foreign companies, and capable of entering into legally binding contracts.

All applicants must also be in compliance with the [Lobbying Act](http://www.laws.justice.gc.ca) (www.laws.justice.gc.ca) with regard to any consultant and/or in-house lobbyist who undertakes any lobbying activity related to the proposed project. Please visit the [Office of the Commissioner of Lobbying of Canada](http://www.ocl.cal.gc.ca) web site (www.ocl.cal.gc.ca) to determine your obligations under the Act. Failure to register under the Act, if required, would have the following consequences:

- prior to the execution of a SWIP Contribution Agreement, it would preclude the offering or signing of an Agreement with Agriculture and Agri-Food Canada, and would result in the closing of the potential applicant's file;
- during the term of a SWIP Contribution Agreement, it would constitute a breach of a material term of the Agreement and would be grounds for immediate termination of the Agreement.

Eligible Projects

To be eligible for funding under SWIP, an applicant must demonstrate that the project will involve one of the following:

- Reduction of SRM handling, removal or disposal costs, notably through the commercialization or adoption of innovative technologies and equipment that, for example, reduce the volume of SRM;
- An increase in their revenues, notably through the adoption of new technologies and processes that add value to the SRM through, for example, energy production;
- Research and development of innovative SRM handling, removal or disposal technologies and processes, particularly those concerning deactivation of prions.

To advance the implementation of medium to long term solutions for a competitive cattle and meat processing industry, priority will be given to projects that result in the destruction of prions and projects that maintain or create new SRM handling capacity.

The following activities would be considered as eligible for funding under SWIP:

- Purchase and installation of equipment, related construction, and applied research aimed at the reduction of SRM handling costs and/or creation of potential revenue sources from SRM; and

- Research and development focusing on innovative technologies and processes for SRM handling, removal and disposal, that will reduce costs and/or create potential revenue sources from SRM.

As well, to be approved for funding, projects must be able to be completed by March 31, 2013, the end date of the SWIP initiative.

Eligible Costs

Please note: Even if a project is approved and an applicant is so advised, no costs are eligible for reimbursement unless a contribution agreement is ultimately signed between the applicant and AAFC; therefore, **any costs incurred prior to the signing of a contribution agreement would be incurred solely at the applicant's risk without expectation of payment by AAFC.**

The following costs are eligible under SWIP if they are incurred and paid by the recipient, reasonable, and directly related to the project:

- Costs for equipment and technology;
- Costs related to shipping or transportation of eligible equipment;
- Costs for installation;
- Costs for initial start-up of technologies or processes;
- Short-term training related to the implementation of equipment or technologies;
- Buildings or construction costs directly related to eligible projects;
- Costs related to the completion of environmental assessments;
- Federal and provincial taxes, including the non-refundable portion of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST), if any, paid by the Recipient;
- Salaries, consulting fees, equipment and supplies related to research and development of innovative technologies and processes;
- Administrative and other costs approved by the Minister which are directly related to the carrying out of the agreement, such as performance reporting for project, accounting, auditing and evaluation; and
- Any other direct costs incurred by eligible recipients in relation to approved projects, and not otherwise listed as ineligible, at the discretion of the Minister or his designate.

Retroactive Costs

At the discretion of the Minister, project costs may be considered eligible retroactive to the effective date of the program Terms and Conditions. The total acceptable retroactive costs would not normally be able to exceed 20% of total eligible project costs.

Retroactive costs are defined as eligible project costs incurred prior to the signing

of a contribution agreement and on or after the effective date of these Terms and Conditions.

Please note that, notwithstanding the foregoing and even if a project is approved and an applicant is so advised, no costs are eligible for reimbursement unless a contribution agreement is ultimately signed between the applicant and AAFC; therefore, **any costs incurred prior to the signing of a contribution agreement would be incurred solely at the applicant's risk without expectation of payment by AAFC.**

Payments to Recipients

Payments to eligible recipients will be based on claims submitted to AAFC for eligible costs incurred by the recipient in accordance with the terms of the contribution agreement and on meeting project milestones set out in the detailed project description. Each claim is to be supported by a statement of work completed and details of the costs being claimed, in a form satisfactory to the Minister or his/her designate. Final payment would be subject, where appropriate and applicable, to a project's acquisition of any required permits for operation. All claims must be certified by an authorized official of the recipient.

Repayment

Contributions will either be fully non-repayable, fully repayable, or conditionally partially non-repayable.

A project will qualify for a fully non-repayable contribution if it is a basic research and development project, with no immediate or direct benefits to the recipient, but the expected results of which will advance the long term SRM technology options for the slaughter industry.

- Basic research and development projects are those which will contribute to the body of scientific and technical knowledge related to SRM but that will be too far removed from commercialization of any applied technology to provide direct financial benefit.

A project will qualify for a fully repayable contribution if it is not a basic research and development project but aims to implement a CFIA-approved technology to improve the management of SRM without an expectation that prions would be destroyed or deactivated.

Projects that demonstrate the destruction or deactivation of prions, using a CFIA-approved technology, may qualify for a partially non-repayable contribution conditional on a profitability test.

- A recipient deemed to be profitable as defined by the program will be required to repay their entire annual repayment amount.

- Recipients deemed to be not profitable would qualify for:
 - a twenty-five percent reduction in their annual repayment amount if their project demonstrates the destruction or deactivation of prions, or
 - a fifty percent reduction in their annual repayment amount if their project demonstrates the destruction or deactivation of prions and significantly addresses the SRM handling requirements of a region beyond the recipient's own requirements.
- Each year, reductions to the annual repayment amount will be made in accordance with whether the project demonstrates the criteria identified above.

Repayable portions of contributions will be repayable over a period of up to 10 years without interest. Repayment will normally begin one year following the completion of the project, unless the project is a start-up enterprise. In such cases, repayment will begin up to three years following completion of the project.

Recipients will be required to provide annual reports during the repayment phase of the contribution agreement that demonstrate performance against applicable criteria for conditional repayability and that the funded project continues to meet all necessary regulatory compliance requirements for SRM handling.

The annual repayment amount will be established in the contribution agreement based on the total contribution divided by number of repayment years.

Financial and performance reporting, and appropriate repayment requirements will be included in each contribution agreement.

Notes to Applicants

Communication of Approved SWIP Projects

A listing of approved projects will be published on the SWIP website including the name of the funding recipient, the project name, and the amount of the SWIP contribution. As well, this information along with a description of the project will be published in project funding announcements and possibly other government documents including public reports on the progress of government initiatives.

Transferability

Prior to the expiration of all obligations including repayment obligations in each respective agreement, a recipient must obtain written approval from AAFC for any transfer of ownership of all or a part of a funded project operation. To enable AAFC to determine if a proposed transfer can be approved, based on SWIP objectives and funding criteria, the recipient must provide AAFC with advance written notice of any proposed transfer of ownership of all or part of a funded project operation, the name and address of the transferee, and any other information deemed necessary by AAFC at minimum 30 days prior to the proposed transfer.

Retention of Machinery and Equipment

All machinery and equipment purchased with funds from SWIP must be retained by the recipient for the duration of the project, including the repayment period, unless otherwise agreed to in writing by AAFC. In the absence of written approval, repayment of the entire SWIP contribution would become immediately payable upon disposition of SWIP funded machinery and equipment.

Information Management

All documentation submitted through this application process and in relation to approved projects is subject to the provisions of the *Access to Information Act and Privacy Act*. Information on the Acts is available at the following website: <http://laws.justice.gc.ca>.

It is the applicant's responsibility to clearly identify on any documentation it submits to AAFC the information it considers to be commercially confidential.

If information identified by the applicant as commercially confidential is confirmed to be protected information under the *Access to Information Act and Privacy Act*, it will not be disclosed to the public unless:

- authorized by the applicant;
- required by law/legislation to be released; or

- required by the Minister of Agriculture and Agri-Food Canada to be released to an international or internal trade panel for purposes of the conduct of a dispute in which Canada is a party or a third party intervener.

Please note when providing information for the purposes of completing an environmental assessment (EA) that, under the *Canadian Environmental Assessment Act* (CEAA), public participation is a guiding principle. To help promote public participation, Federal Authorities must establish a public registry for every project that requires an EA in which information on the EA of the project is placed and made available to the public. However, confidential information disclosed to AAFC through the EA process may be protected under the *Access to Information Act*. Thus, it is recommended that, when completing the EA, proponents submit commercially confidential information only when necessary for the EA and provide it under separate cover marked “confidential information”. If this information is confirmed to be protected information under the *Access to Information Act*, it would not be disclosed to the public and thus will not be placed in the project file which is maintained for public information requests.

Please also note that information submitted to AAFC through this application process and in relation to funded projects may be shared with other AAFC programs and divisions, other federal government departments or agencies, other levels of government such as provincial, territorial or municipal, or third party experts if required for SWIP application assessment, project monitoring, audit, evaluation, public reporting, and/or to determine eligibility for other federal, provincial or territorial programs from which the applicant might benefit.

Use of In-house or External Lobbyist

Under the *Lobbying Act*, a lobbyist includes any person(s) who receive(s) payment (or any other consideration) for communicating with a public officer holder on behalf of any person, corporation, or organization, pertaining to the provision of a contribution. AAFC must be advised if an applicant engages a lobbyist to represent the applicant’s interest in relation to its request for support towards the proposed project. As well, the lobbyist must be registered and in compliance with the *Lobbying Act*, and cannot be paid a commission, contingency fee or any other consideration that is dependent upon the execution of an agreement with AAFC for SWIP funding.

Information on the *Lobbying Act* is available at the following website:
<http://www.ocl-cal.gc.ca>

Conflict of Interest Disclosure

Where an applicant employs or has a major shareholder who is either a current or former (in the last twelve months) public office holder or public servant in the federal government, compliance with related code(s) (i.e. *Code of Values and Ethics*) must be demonstrated. Please provide information for anyone involved with this project that has been employed with, or held public office with, the federal, provincial or territorial governments in the past year.

The Application Process

The Slaughter Waste Innovation Program is delivered nationally by Agriculture and Agri-Food Canada.

Applications will be received and assessed in batches. The initial deadline for intake of applications is September 1, 2010. A second application deadline will be December 1, 2010, if funding is still available following the first deadline.

Interested parties should review the program criteria and other requirements published in this guide and on the SWIP web site, including the SWIP self-screening tool.

If a proposed project appears to meet SWIP eligibility criteria and other requirements, applicants should contact:

- AAFC Environmental Services Unit by email to environmentalservice@agr.gc.ca to determine if the proposed project may require a federal environmental assessment (EA). Please refer to the Environmental Assessment information below for more detailed instructions regarding this requirement.
- SWIP by e-mail (SWIP@agr.gc.ca) or by phone (1-877-246-4682) to obtain a SWIP Application form.

Applicants should then: 1) decide, in conjunction with the Environmental Services Unit, the timing for undertaking and submitting an environmental assessment, if required; and 2) complete and submit the SWIP Application and required attachments prior to SWIP application deadline, including:

- Project Description and Work Plan;
- Business Plan or Research Plan;
- Environmental Assessment documentation; and
- supporting documentation including equipment quotes and descriptions from suppliers, historical and pro forma financial statements, and financing agreements where applicable.

Applicants should send prior to SWIP application deadline an original, signed copy of the SWIP Application and attachments, along with an electronic copy (CD ROM), to:

Agriculture and Agri-food Canada
c/o Slaughter Waste Innovation Program
1341 Baseline Road
Tower 7, Floor 7, Room 263
Ottawa, Ontario
K1A 0C5

Alternatively, the electronic version of the application and attachments may be sent by e-mail to SWIP@agr.gc.ca with the signed original and attachments sent by mail or courier to the above noted address.

If assistance is required to complete the SWIP Application, please contact SWIP by phoning 1-877-246-4682, or by sending an e-mail to SWIP@agr.gc.ca.

SWIP will acknowledge receipt of each application and aims to provide this acknowledgement within two business days of receipt. Following receipt, SWIP will check and advise whether the application and attachments are complete. If there is missing documentation, the application may be placed on hold until the necessary information is received.

SWIP will proceed to assess the application to determine if the proposed project qualifies for funding. SWIP will remain in contact with applicants during this process. Applicants who have provided all the necessary information, including an environmental assessment (EA) if required, will be notified of the funding decision by letter and, if approved, SWIP will draft a contribution agreement for the proposed project to be signed by AAFC and the applicant. In that case, applicants are advised that to read the terms and conditions of the contribution agreement carefully, as this will be a legally binding document.

Upon receipt of the signed contribution agreement, SWIP will provide forms and directions regarding financial claims/payments, progress and final project reports, and repayment as applicable.

Once a project is underway, recipients will be required to provide regular progress reports and may be subject to a financial and/or compliance audit. AAFC may also visit sites to verify information received and project progress.

The Environmental Assessment

Some individual projects proposed under SWIP may need to be assessed under the [Canadian Environmental Assessment Act](#) (CEAA) prior to the provision of SWIP funding. For example, projects involving construction of a new facility, expansion or modification of an existing facility, and projects within 30 metres of a water body could require an environmental assessment (EA).

Please note that should a federal EA be required, it will need to be completed by the applicant (or the applicant's consultant) as early as practicable in the planning stages of the project and before a SWIP contribution can be made to the project. Given the EA process may take a number of months to complete, it is important to determine as early as possible whether the project will require an EA and to undertake the EA process within a reasonable timeframe.

AAFC can assist you in determining if your project will require an EA and, if required, will provide guidance to help you in understanding the type of information that should be included in the EA report. This information will assist applicants in understanding the EA process, information requirements, and timing and financial implications related to their projects.

Applicants should determine the need for an EA by sending an e-mail to AAFC's Environmental Services Unit at environmentalservice@agr.gc.ca. Please ensure that the Slaughter Waste Innovation Program is referenced in the e-mail and provide a brief description of the proposed project, including the answers to the following questions:

- Does your project involve the construction of a new facility/building? If yes, please provide the proposed footprint of the building and a brief description of the planned construction. Please note that footprint is defined as the area of land occupied by a building or other structure at ground level.
- Does your project involve the expansion of an existing facility? If yes, please provide the footprint of the existing building as well as the proposed footprint and a brief description of the planned expansion.
- Does your project involve the modification of an existing facility? If yes, please describe this modification.
- Is a water body* located within 30m of the project area? If yes, please describe the water body and provide the distance from the project.

** The definition of water body includes a lake, a canal, a reservoir, an ocean, a river and its tributaries and a wetland, up to the annual high-water mark. A sewage or waste treatment lagoon, a mine tailings pond, an artificial irrigation pond, a dugout or a ditch that does not contain fish habitat are not considered water bodies.*

Upon receipt of a complete project description that includes answers to the above questions, AAFC's Environmental Services Unit will review the project details to determine if a federal EA is required and will issue an EA determination form. If an EA is required and if the applicant wishes to begin working on the EA, Environmental Services Unit will assist the applicant in understanding the related requirements.

If a contribution agreement is signed between an applicant and AAFC, EA costs may be considered as eligible project costs if incurred by the recipient on or after the effective date of these Terms and Conditions. Notwithstanding the foregoing, please keep in mind that any EA costs incurred prior to the signing of a contribution agreement are done so at the applicant's own risk without expectation of project approval or payment by AAFC.

Funding Proposal Assessment

The program will be applications-based, and function under a request for applications approach. An initial intake deadline for applications will be established, and depending on the volume, value and nature of applications received and those approved for funding, a second and subsequent application intake will be considered until all contribution funding is committed.

Under this process, applicants will have to include, at a minimum, the following information in their applications:

- A description of the project's activities and how the project meets program objectives;
- Supporting evidence that the technology or processes to be implemented are technically viable and/or technical/scientific expertise is included in the project;
- For technology implementation projects, that the business plan is financially sound and there is a capable management team in place to ensure that the project would remain viable over the long term;
- The required budget for the project, including eligible activities and cost estimates;
- Financing sources;
- Confirmation that the project will be completed and all costs incurred by March 31, 2013; and
- How any regulatory requirements for construction and operation, including those of the Canadian Food Inspection Agency (CFIA) and under the CEAA, will be met.

Program officers will initially screen applications to ensure that the essential eligibility information is included. If applications are incomplete, program officers will work with applicants to obtain required information. Once all of the projects have been assessed, if a situation arises where the total funding requested by the eligible projects exceeds the total funding available under the program, a set of merit criteria, as outlined below, will then be used to assess and rank the eligible projects to determine which will be selected for funding.

Proposed projects will be assessed on their overall relevance with respect to the objectives of SWIP. More specifically, the criteria that will be used to assess the merits of applications will include, but not be limited to, the following:

- Volume of SRM currently handled by the applicant and what could be handled and/or result by the implementation of the project;
- In the case of basic research and development, the objective of the project and its potential benefits to the slaughter industry;
- Generation of revenues, such as energy or value-added co-products;

- Reduction in SRM handling and disposal cost on a per animal basis;
- Destruction or deactivation of prions;
- Creation or preservation of capacity and infrastructure for the handling of SRM for the region;
- Long-term benefits to the beef value chain through, for example, replication potential of projects across the country; demonstration of new technologies and processes;
- New research created and communication plans for its dissemination; and
- Technical feasibility, financial viability and managerial capability of the project.

A committee comprising appropriate technical, regulatory and industry experts from AAFC and the CFIA may be engaged to review and assess the proposal and make recommendations to program administration regarding funding approval. Where it is deemed necessary by the program, industry experts may also be engaged to assist in the assessment of a project's technical merit, total and eligible project costs, operating costs, and the applicant's financial and management strength.

Approved applications will be used to establish contribution agreements with successful applicants and will detail the terms and conditions of the contribution, including: 1) how the federal contributions are to be used; 2) what evidence would be required to establish that the contributions were properly used; and, where applicable, 3) the repayment schedule.

Please note that the Slaughter Waste Innovation Program is a discretionary, non-entitlement program, subject to the approval of the Minister of Agriculture and Agri-Food Canada, available funding and program changes. As such, even if a proposed project meets all of the program criteria, there is no assurance that funding will be awarded and the Minister reserves the right to impose whatever conditions deemed advisable in the acceptance of applications.

SWIP Application Preparation

Please provide all information requested in the SWIP Application, associated Annexes and required supporting documentation, and feel free to submit additional supporting materials. If the requested information is not applicable, please advise by indicating “N/A”.

Section 1: Applicant Self-Screening

Please read the Slaughter Waste Innovation Program Applicant’s Guide carefully before completing the applicant Self-Screening section. The objective of this section is to assist interested parties in determining, prior to investing valuable time and effort in completing a SWIP Application, whether or not they may be potentially eligible under the program.

If you are unsure if your proposed project meets **all** of the SWIP eligibility criteria, it is strongly recommended that you contact a SWIP representative prior to proceeding with the preparation of the SWIP Application. Please contact SWIP by phoning 1-877-246-4682, or by sending an e-mail to SWIP@agr.gc.ca.

Section 2: Applicant/Project Information and Declarations

All sections of the SWIP Application form must be completed and an original copy of the form, signed by an authorized representative of your company, must be submitted to AAFC along with Annexes A, B, C (if required), and all other associated attachments.

Environmental Assessment Subsection

Please complete the Environmental Assessment section of the Application and include the appropriate documentation in Annex C.

Please note that it is strongly recommended that applicants contact AAFC’s Environmental Services Unit as soon as possible, using the process outlined in the Environmental Assessment section of this guide, to determine if an EA is required for their proposed projects. Ideally applicants would contact the Environmental Services Unit prior to completing the SWIP Application in order to minimize the potential for delays in the application process.

Previous Federal Government Assistance Subsection

If the applicant or any related companies (i.e. companies which are controlled by the applicant or control the applicant) have been involved in other projects that have received funding under any Agriculture and Agri-Food Canada or other federal government program, please provide the following information:

- the assistance received in the last five years from Agriculture and Agri-Food Canada or other federal government programs, including the applicable program name, project title, approved assistance, type of assistance (i.e. grant, non-repayable, unconditionally repayable or conditionally repayable contribution);

and confirm that:

- the applicant and any related company is current on all of its obligations (financial, reporting or otherwise) pursuant to all agreements with AAFC and other federal government departments.

Declaration Subsection

Please read the declaration section carefully before signing and submitting the SWIP Application to ensure you are aware of important terms and understand how the information being submitted will be used and shared for the purposes of processing your application and administering the SWIP Initiative.

Annex A: Project Description and Work Plan

Using the attached template (Annex A), please complete and attach to your SWIP Application a Project Description and Work Plan along with copies of required supporting documentation, for example equipment quotes and descriptions/specifications from expected suppliers. Please ensure all requested information is provided as AAFC will not be able to complete its assessment of the proposed project until it is received.

The Project Description and Work Plan, including the cost estimate tables, will be incorporated into the Contribution Agreement for each approved project and will be used to monitor the following variables:

- Scope of work to be undertaken;
- Key project activities and milestones
- Expected results;
- Project schedule; and
- Estimated costs in total and by category.

Applicants will normally be required to report on a quarterly basis the actual progress of the project against the agreed to Work Plan.

Annex B: Business Plan or Research Plan

For technology or process implementation projects, use the attached Business Plan Outline (Annex B) as a guide to complete and attach to your SWIP Application the business plan for your company and project along with copies of required supporting documentation, including a copy of your organization's Certificate or Articles of Incorporation, inter-company agreements governing joint

ventures or consortiums where relevant, historical and pro forma financial statements, and financing agreements relevant to the project. The length of the business plan will depend on the nature and size of your business and the proposed project.

For research and development projects, attach a copy of your research plan including key persons involved, their roles and responsibilities and credentials.

Annex C: Environmental Assessment

Please refer to the Environmental Assessment section of this guide for more information related to the EA process.

In Annex C, please provide the following as appropriate:

- If AAFC's Environmental Services Unit has determined that an EA is not required under CEAA, please attach a copy of the signed EA determination form.
- If an EA is underway, please attach a copy of the signed EA determination form along with the name of the contact person at the Environmental Services Unit who is managing AAFC responsibilities related to the EA process. Also provide the status of the EA and proposed plan and timeline for completion.
- If the EA has been completed and EA documentation has been signed by the Environmental Services Unit of AAFC, please include a copy of the EA and signed EA documentation.
- If you have not contacted AAFC to determine if an EA is required, your application will be forwarded to the Environmental Services Unit upon receipt for determination of whether an EA is required. Please note that the EA process may take a number of months to complete, so it is recommended to contact the Environmental Services Unit as early as possible in order to minimize the potential for delays.

SWIP APPLICATION	PROJECT NO.
-------------------------	--------------------

Annex A - Project Description and Work Plan

1.0 Project Description

PROJECT DESCRIPTION	
Project Name	
Project Location (Municipality, City, Town, etc. and Province)	
Anticipated Project Start Date	Anticipated Project Completion Date
Total Project Costs (\$)	Total Eligible Project Costs (\$) (see Annex D of the Applicant's Guide for cost principles and definitions)
Provide a description of your project including the SRM technology being implemented and whether the technology is CFIA approved	
If applicable, detail any Intellectual Property (IP) rights in the project	
<input type="checkbox"/> Not Applicable	

2.0 Objectives and Expected Results

Describe how your project intends to address any of the following objectives and enter the measurable target(s) you expect to achieve for each applicable objective (an example is presented below for guidance). Include other key objectives /expected results that your company hopes to achieve if applicable.

Objective	Description of Expected Result	Measurable Target(s)
2.1 Reduce costs related to SRM handling		
2.2 Increase revenue from SRM		
2.3 Destruction of prions		
2.4 Increase or preserve regional capacity for SRM removal, disposal or destruction		
2.5 Gain knowledge on options for SRM handling		
2.6 Develop new technologies for SRM handling, disposal or destruction		
2.7 Adopt new technologies for SRM handling, disposal or destruction		
2.8 Other benefits to the beef sector in Canada		

Example:

Objective	Description of Expected Result	Measurable Target(s)
2.1 Reduce costs related to SRM handling	Installation of new equipment or technology to reduce cost of handling SRM	Reduce cost of handling SRM from current cost of \$X to \$X per animal by X date

3.0 Work Plan Activities and Milestones

For each major project activity in your Work Plan, provide the name, timelines, description, milestones, associated challenges/risks, and measures to manage risk.

1. Name of Activity	Forecasted Start Date	Forecasted End Date
Description of Activity:		
Milestones:		
Challenges/Risks and Measures in Place/Planned to Manage Risk:		
2. Name of Activity	Forecasted Start Date	Forecasted End Date
Description of Activity:		
Milestones:		
Challenges/Risks and Measures in Place/Planned to Manage Risk:		
3. Name of Activity	Forecasted Start Date	Forecasted End Date
Description of Activity:		
Milestones:		
Challenges/Risks and Measures in Place/Planned to Manage Risk:		
4. Name of Activity	Forecasted Start Date	Forecasted End Date
Description of Activity:		
Milestones:		
Challenges/Risks and Measures in Place/Planned to Manage Risk:		
5. Name of Activity	Forecasted Start Date	Forecasted End Date
Description of Activity:		
Milestones:		
Challenges/Risks and Measures in Place/Planned to Manage Risk:		

Please ensure that the name and numbering of these activities correspond with the name and numbering of activities included in the Cost Breakdown by Activity below (Section 5.0).

4.0 Cost Breakdown by Fiscal Year

In Table A, provide a breakdown of the proposed eligible project costs by cost area. Please provide the information by the government fiscal year (April 1 to March 31).

Research and development costs would generally be recorded under the Incremental Direct Labour and Other Direct Eligible Cost categories.

If the project will be undertaken at more than one location, following Table A, list the locations where the work is to be performed and associated percentage of costs. The Slaughter Waste Innovation Program is not obliged to consider the support of any costs incurred by the recipient at locations other than the ones listed in Table A.

Note: Annex D to this SWIP Applicant's Guide provides detailed information on eligible costs and SWIP cost principles and definitions. Please factor this information into your eligible cost estimates.

Table A: Estimated Eligible Project Cost Breakdown by Fiscal Year

Fiscal Year (Ending March 31)	Equipment and Related Systems Costs	Contractor and Consultant Costs	CEAA Environmental Assessment Costs	Incremental Direct Labour and Research Labour Costs	Other Direct Eligible Costs	Estimated Total Eligible Project Costs	Estimated SWIP Contribution
2010-2011							
2011-2012							
2012-2013							
Total							

Please ensure that the total project cost included for each cost category balances with the total submitted in the related cost breakdown tables included below.

Project Location	% of Eligible Costs
1.	
2.	
3.	

5.0 Cost Breakdown by Activity

In Table B, provide a breakdown of the proposed eligible project costs by major activity. For each cost category, the total cost shown in Table B should balance with the total estimated eligible cost identified in Table A for the corresponding cost category.

Table B: Estimated Eligible Project Cost Breakdown By Activity

Major Activities	Equipment and Related System Costs	Contractor and Consultant Costs	CEAA Environmental Assessment Costs	Incremental Direct Labour and Research Labour Costs	Other Direct Eligible Costs	Estimated Total Eligible Costs
1.						
2.						
3.						
4.						
5.						
Total						

6.0 Equipment and Related Systems Costs

In Table C, list, describe (including intended use) and provide cost estimates for the equipment and related systems to be purchased and installed under the proposed project. The total cost shown in Table C should balance with the total estimated eligible cost for equipment and related systems identified in Table A.

Please attach copies of quotes and equipment descriptions/specifications provided by suppliers for the major equipment and related systems to be purchased and installed under the proposed project.

The Slaughter Waste Innovation Program is not obliged to consider the support of any equipment and related systems other than those listed in Table C.

For the purpose of filling in Table C, equipment includes all equipment directly related to the project including tools and dies, ancillary systems, instrumentation, or special test equipment that is purchased, manufactured or otherwise acquired as part of the project.

Table C: Estimated Eligible Project Equipment and Related Systems Costs

Equipment and Related Systems Costs		Planned Acquisition Date (MM/YYYY)	Estimated Eligible Cost
1.	Name: Description:		
2.	Name: Description:		
3.	Name: Description:		
4.	Name: Description:		
5.	Name: Description:		
6.	Name: Description:		
7.	Name: Description:		
Total			

7.0 Contractors and Consultants

In Table D, list, describe and provide the estimated costs of eligible contractors and consultants required to complete the project. The total cost shown in Table D should balance with the total estimated eligible cost for contractors and consultants identified in Table A.

For major contracts including required construction, technology commissioning or consulting expertise costs, please attach copies of quotes provided by contractors/consultants.

The Slaughter Waste Innovation Program is not obliged to consider the support of any contractors or consulting expertise costs incurred by the recipient other than those listed in Table D.

Table D: Estimated Eligible Contractors and Consultant Costs

Contractors and Consultant Costs		Planned Date Required (MM/YYYY)	Estimated Eligible Cost
1.	Name: Description:		
2.	Name: Description:		
3.	Name: Description:		
4.	Name: Description:		
5.	Name: Description:		
6.	Name: Description:		
7.	Name: Description:		
Total			

8.0 Environmental Assessment

If AAFC has determined that an environmental assessment (EA) is required for your project, complete the estimated cost breakdown and timing of the various elements in Table E. The total cost shown in Table E should balance with the total estimated eligible costs for the environmental assessment identified in Table A.

The Slaughter Waste Innovation Program is not obliged to consider the support of any EA costs incurred by the recipient other than those listed in Table E.

Note: Costs associated with the provision of environmental assessment information needed by AAFC to meet its obligations under the Canadian Environmental Assessment Act (CEAA) may be considered as eligible project costs retroactive to the effective date of the program Terms and Conditions. Please note that, notwithstanding the foregoing, EA costs incurred prior to the signing of a Contribution Agreement are incurred at the sole risk of the applicant with no expectation of payment or project approval by AAFC.

Table E: Estimated Eligible CEAA Environmental Assessment Costs

Eligible EA Costs		Estimated Date Costs Incurred (MM/YYYY)	Estimated Eligible Cost
1.	Item: Description:		
2.	Item: Description:		
3.	Item: Description:		
4.	Item: Description:		
5.	Item: Description:		
6.	Item: Description:		
7.	Item: Description:		
Total			

9.0 Incremental Direct Labour and Research Labour

In Table F, list, describe and provide cost estimates for incremental direct labour requirements needed to complete the project, for example, overtime wages for in-house labour for work required to undertake the project, or wages of new hires brought on to carry out the project activities.

For research and development projects under the program, it is not necessary for the wage component to be incremental in nature. Regular wages for the actual time spent on the research and development project is an eligible cost for such projects.

The total cost shown in Table F should balance with the total estimated eligible cost for incremental direct labour identified in Table A.

The Slaughter Waste Innovation Program is not obliged to consider the support of any other incremental direct labour costs incurred by the recipient other than those listed in Table F.

Table F: Estimated Eligible Incremental Direct Labour and Research Labour Costs

Incremental Direct Labour and Research Labour Costs		Estimated Date Costs Incurred (MM/YYYY)	Estimated Eligible Cost
1.	Item: Description:		
2.	Item: Description:		
3.	Item: Description:		
4.	Item: Description:		
5.	Item: Description:		
6.	Item: Description:		
7.	Item: Description:		
Total			

10.0 Other Direct Eligible Costs

In Table G, list, describe and provide the cost estimates of any other direct eligible costs, for example materials, which are essential for the successful completion of the project. The total cost shown in Table G should balance with the total estimated eligible cost for other direct eligible costs identified in Table A.

The Slaughter Waste Innovation Program is not obliged to consider the support of any other direct eligible costs incurred by the recipient other than those listed in Table G.

Table G: Estimated Other Direct Eligible Project Costs

Other Direct Eligible Costs		Estimated Date Costs Incurred (MM/YYYY)	Estimated Eligible Cost
1.	Item: Description:		
2.	Item: Description:		
3.	Item: Description:		
4.	Item: Description:		
5.	Item: Description:		
6.	Item: Description:		
7.	Item: Description:		
Total			

Annex B - Business Plan or Research Plan

For technology or process implementation projects, use the attached Business Plan Outline as a guide to complete and attach the business plan for your company and project to your SWIP Application.

For research and development projects, attach a copy of your research plan to your SWIP Application including key persons involved, their roles and responsibilities, and credentials.

For both types of projects, you need to complete and submit a copy of the SWIP Project Financing Plan included in the Business Plan Outline.

The Business Plan should cover the following sections and content:

Business Plan Outline
1. Table of Contents
2. Applicant Profile
<p>a) Provide a brief description and history of the applicant including:</p> <ul style="list-style-type: none"> • Primary lines of business and mandates • Summary of growth of the business • Total number of employees • Listing and location of facilities • Current organizational structure (including chart indicating names and titles of the management team) • Key alliances, stakeholders, suppliers, and customers • Major accomplishments <p>b) Corporate Structure:</p> <ul style="list-style-type: none"> • Provide a diagram of the corporate structure of the applicant including parent and subsidiary companies and their interrelationships. The diagram should be annotated to indicate respective mandates and ownership trail. <p>c) Shareholders:</p> <ul style="list-style-type: none"> • List shareholders with more than a 10% share of the applicant and include their share ownership. <p>d) Company Status:</p> <ul style="list-style-type: none"> • Provide a copy of the company's Certificate or Articles of Incorporation and copies of any partnership or other agreements pertaining to/impacting the proposed project.
3. Strategic Plan
<ul style="list-style-type: none"> • Identify the long-term plan for the business - where you want the business to be in five years from now (vision) • Outline the steps that will be taken to get there <p>Describe how the proposed SWIP project will fit into and improve your business, help to address challenges being faced by the applicant, and improve its competitiveness and environmental sustainability.</p>

4. Financial Status, Project Financing Plan, and Projections

a) Financial Status:

- Provide a brief summary of the company's financial situation and recent trends as well as copies of its annual financial statements (audited if available) for the past three years or since the date of business start-up;
- Provide the latest interim (audited or unaudited) financial statements for the company's current fiscal year;
- If applicable, provide the most recent annual report or audited financial statements of the parent company or principal owner; and
- For diversified organizations, the financial statements of the division or branch directing the project must also be included.

b) Project Financing Plan:

- The proposal must demonstrate that the applicant possesses, or can reasonably be expected to secure, the financial resources needed to complete the project.
- Using the following template, list all anticipated sources of funds, including, but not limited to shareholder/corporate sources, external sources, internal cash flow, government sources of financial assistance received, or likely to be received, from federal, provincial and municipal governments, etc. This information should clearly distinguish between existing/negotiated sources of funding and planned or potential sources.
- Please attach a copy of any financing agreements in place.

SWIP Project Financing Plan				
Proposed Funding Source		Total Amount	Amount Against Eligible Project Costs	Status (Approved, Received, Pending)
A. Proponent's Internal Sources				
1.				
2.				
3.				
Subtotal				
B. External Private Sector Sources (e.g., loans)				
1.				
2.				
3.				
Subtotal				

C. Slaughter Waste Innovation Program Funding				
D. Other Federal Government Funding - Specify Program				
1.				
2.				
3.				
Subtotal				
E. Other Government Funding (provincial, territorial or municipal) – Specify Program				
1.				
2.				
3.				
Subtotal				
TOTAL				

- Identify special conditions attached to any of the above source(s) of funding.

c) Financial Projections

- Provide copies of annual pro forma financial statements (Income Statement, Balance Sheet, and Cash Flow Statement) based on the applicant's fiscal year, including assumptions used to arrive at these projections (e.g., sales, profit per unit, etc.), for the duration of the work proposed in the Project Work Plan plus the three following years of operation.
- These pro forma financial statements are to cover overall company operations including the project which is to be identified separately.
- The statements should factor in any government tax incentive or credits and forecasted repayment of the proposed SWIP contribution.

e) Accounting Systems:

- Describe the accounting system to be used by the applicant and explain how the applicant will track project costs. Sufficient detail will be required to confirm that the applicant has sufficient capacity to accurately track and record costs associated with the performance of the proposed project

f) Transfer Pricing Policy:

- Identify whether the applicant will be purchasing or selling products, equipment or services as a result of the project to or from a related entity. If so include the applicant's Transfer Pricing policy.

g) Risk

- Identify key financial project risks and the mitigation strategies.

5. Management , HR, Technical, and Operational Capacity

a) Management:

- Describe the management team, their areas of responsibility and experience.
- Provide information on professionals assisting the business.

b) Project Team:

- Describe the project team, including available technical resources, responsible for undertaking the project, their areas of responsibility and experience.

c) Facilities and Operations

- Describe the facility and its production capacity. If the project is expected to result in an increase in production capacity/scale up, describe how this will be achieved.

d) Risk

- Describe the key management, HR, technical and operational capacity risks and mitigation strategies.

6. Environment

- Describe any environmental concerns and how they will be addressed
- Describe any environmental approvals that are required for the project and when they will be obtained
- Describe any consultation and community support for project and site selection
- Describe the key environment risks and mitigation strategies.

Annex C - Environmental Assessment

A copy of an environmental assessment meeting the requirements of the *Canadian Environmental Assessment Act* (CEAA) is attached. (This must include EA documentation signed by AAFC's Environmental Services Unit.)

or

A copy of the EA determination form for the project for which an environmental assessment is underway is attached.

Contact person at the Environmental Services Unit who is managing AAFC responsibilities related to the EA process:

Description of the status of the EA and the proposed plan and timeline for completion of the EA:

or

A copy of the EA determination form signed by Environmental Services Unit, AAFC stating that an environmental assessment is not required under the CEAA is attached.

Annex D - SWIP Cost Principles and Cost Definitions

1.0 General Principle

The total Eligible Costs (as defined below in section 6) of the project shall be the sum of the applicable direct costs which are, or are to be, reasonably and properly incurred and paid in the performance of the SWIP funded project, less any applicable credits. These costs shall be determined in accordance with the applicant's cost accounting system as accepted by the Minister and applied consistently over time.

2.0 Definition of Reasonable Cost

A cost is reasonable if, in nature and amount, it does not exceed that which would be incurred by an ordinary prudent person in the conduct of a competitive business.

In determining the reasonableness of a particular cost, consideration shall be given to:

- a. whether the cost is of a type generally recognized as normal and necessary for the conduct of the performance of the project;
- b. the restraints and requirements by such factors as generally accepted sound business practices, arm's length bargaining, federal, provincial and local laws and regulations, and agreement terms;
- c. the action that prudent business persons would take in the circumstances, considering their responsibilities to the owners of the business, their employees, customers, the Government and public-at-large;
- d. significant deviations from the established practices of the applicant which may unjustifiably increase the Eligible Costs; and
- e. the specifications, delivery schedule and quality requirements of the particular project as they affect costs.

3.0 Direct Costs

There are five categories of direct costs under the SWIP:

Equipment and Related Systems Costs: meaning the purchase and installation costs of equipment and related systems that are directly related to and necessary for successful completion of the approved project.

Contractor and Consultant Costs: meaning the cost of contractors and consultants for work which can be specifically identified and measured as having been performed, or to be performed, on the project necessary for its successful completion including construction work and costs associated specifically to the commissioning process of a new technology.

Environmental Assessment Costs: meaning the cost of work which can be specifically identified and measured as having been performed in relation to the provision of environmental information needed by Agriculture and Agri-Food Canada (AAFC) to meet its obligations under the *Canadian Environmental Assessment Act* (CEAA). Such costs may be considered as eligible project costs, including costs incurred up to twelve months prior to the

signing of a contribution agreement but not before the effective date of the program Terms and Conditions. Please note that, notwithstanding the foregoing, EA costs incurred prior to the signing of a contribution agreement are incurred at the sole risk of the applicant with no expectation of payment or project approval.

Incremental Direct Labour and Research Labour Costs: meaning that portion of gross wages or salaries incurred for incremental work which can be specifically identified and measured as having been performed, or to be performed, on the funded project, as per consistent application of the company's cost accounting practices as accepted by AAFC, and which is required for successful completion of the project.

For research and development projects, it is not necessary for the wage component to be incremental in nature. Regular wages for the actual time spent on the research and development project are eligible costs of such projects.

Other Direct Costs: meaning any costs for work which can be specifically identified and measured as having been performed, or to be performed, on the project which have not been captured in the preceding cost breakdowns and are necessary for successful completion of the project.

4.0 Credits

The applicable portion of any income, rebate, allowance, or any other credit relating to any applicable direct cost received by or accruing to the Proponent, shall be credited to the Eligible Costs.

5.0 Eligible Activities

A contribution may be made to an eligible applicant for:

- Purchase and installation of equipment, any related construction required, and applied research aimed at the reduction of SRM handling costs and/or creation of potential revenue sources from SRM, including start-up costs;
- Research and development focusing on innovative technologies and processes for SRM handling, removal and disposal, that will reduce costs and/or create potential revenue sources from SRM; and
- the provision of environmental information needed by Agriculture and Agri-Food Canada (AAFC) to meet its obligations under the Canadian Environmental Assessment Act (CEAA).

6.0 Eligible Costs

Eligible costs are those incurred and paid by the recipient and which, in the opinion of the Minister, are deemed necessary and reasonable to carry out the eligible activities to which they relate, as outlined in the SWIP Project Description and Work Plan. Eligible expenditures will be limited to non-recurring expenditures and will include:

- Costs for equipment and technology;
- Costs related to shipping or transportation of eligible equipment;
- Costs for installation;
- Costs for initial start-up of technologies and processes;
- Short-term training related to the implementation of equipment or technologies;
- Buildings or construction costs directly related to eligible projects;
- Costs related to the completion of environmental assessments;

- Federal and provincial taxes, including the non-refundable portion of the Goods and Services Tax (GST)/Harmonized Sales Tax (HST), if any, paid by the Recipient;
- Salaries, consulting fees, equipment and supplies related to research and development of innovative technologies and processes;
- Administrative and other costs approved by the Minister which are directly related to the carrying out of the agreement, such as performance reporting for project, accounting, auditing and evaluation; and
- Any other direct costs incurred by eligible recipients in relation to approved projects, and not otherwise listed as ineligible, at the discretion of the Minister or his designate.

7.0 Ineligible Costs

Notwithstanding that the following costs may have been or may be reasonably and properly incurred and paid by the proponent during the performance of project activities, they are considered ineligible costs under the project:

- The refundable portion of the GST/HST, value-added taxes, or other items for which a refund or rebate is received;
- Hospitality costs or gifts;
- Costs relating to the acquisition of land;
- Capital items not specifically required for the execution of a project;
- Dividends, profit and loss of profit;
- Legal fees associated with the incorporation of an organization;
- Business plans to apply for funding;
- On-going business expenses;
- Marketing expenses; and
- Any other direct costs incurred by eligible recipients in relation to approved projects, and not otherwise listed as eligible, at the discretion of the Minister or his designate.