



2008-09 Annual Report

Department of Business

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Paper

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Reference Period

This report covers the period April 1, 2008 through March 31, 2009, the fiscal year of the Government of Newfoundland and Labrador.

Published by

The Department of Business

Government of Newfoundland and Labrador

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**MESSAGE FROM
THE HONOURABLE
MINISTER OF BUSINESS
ROSS WISEMAN**

I am pleased to present the Annual Report of the Department of Business for fiscal year 2008-09 in accordance with the Department's requirements as a category two government entity under the *Transparency and Accountability Act*.

This past year the department continued to promote and position Newfoundland and Labrador as a destination of choice for new investment, and over the course of the last year, supported several new opportunities to develop business in the province - in mainstay industries like manufacturing, and ones that are new to our province, such as videogame development. These are generating valuable employment, creating activity for local companies, and diversifying our economic base.

In 2008-09, the department also facilitated export-oriented companies based in Western Newfoundland, the Burin Peninsula and St. John's, boosting their capacity and competitiveness as they expand into new oil and gas industry supply markets. The department developed a new program designed to contribute to the development of the aerospace and defence industry in the province, which will be implemented in the coming year. As well, the Department of Business assumed a lead role in developing and advancing government's ongoing plan to address air transportation access in Newfoundland and Labrador.

The 2008-09 fiscal year was the final leg of the three-year initiative to reduce red tape in government by 25 per cent. I am extremely proud that we successfully hit that target, with the invaluable contribution of dedicated employees throughout the public service. Today, government is more accessible and easy to work with as a result. We will continue to oversee government-wide efforts to improve the regulatory regime.

The department also continued to coordinate implementation of the provincial brand, which is now a clearly recognizable symbol of Newfoundland and Labrador.

The role of the Department of Business in providing leadership for business development has expanded over the past year. Our mission to attract new business to Newfoundland and

Labrador continues and, as we have done over the last year, we will work together with our partners to build a vibrant, sustainable economy for the long-term.

As Minister, I am accountable for the results that are reported in this document. I take great pride in the staff of my department and what we have achieved. We look to the future with optimism and the promise of still greater success in 2009-10.

A handwritten signature in black ink, appearing to read "Ross Wiseman". The signature is fluid and cursive, written in a professional style.

ROSS WISEMAN
Minister of Business

DEPARTMENTAL OVERVIEW

Business Description

Premier Danny Williams established the Department of Business in 2004 to provide leadership in building a competitive economy to foster business growth and attract new investment into the province. Since that time the Department has marketed and leveraged the province's many benefits which include an available skilled work force, competitive operating costs and an abundance of natural resources.

In 2008, the Department brought new foreign investment into the province and facilitated local businesses in securing contracts in the global market place. The Department of Business led government initiatives that enhanced the province's profile, increased local business competitive advantage and, through the Red Tape Reduction Initiative, contributed to a more flexible and efficient regulatory system in Newfoundland and Labrador.

The Department continues to lead the development of a Provincial Investment Attraction Strategy that will guide government's decision making in priority areas and optimize long term business growth and investment.

The Values, Mandate, Vision and Mission of the Department of Business are as follows:

Values

The core values of the Department are collaboration, accountability, respect, creativity and dedication. Departmental staff have embraced these values as they deliver services to clients. These values underlie the interactions of staff members with other departments and agencies as well as in their dealings with external stakeholders.

Mandate

The mandate of the Department of Business is to provide leadership for business development and growth in Newfoundland and Labrador.

Vision

The vision of the Department of Business is of a vibrant and sustainable economy that is supported by a business friendly environment and proactive and strategic economic growth.

Mission

The mission statement of the Department is: "By 2011 the Department of Business will have facilitated the attraction of major business across the province and across sectors."

Lines of Business

The Department of Business has four inter-related lines of business relevant to its mandate.

Business Attraction

Business attraction encompasses the business and investment attraction functions of the Department of Business. The Department proactively promotes the competitive and comparative advantages of the province in target markets for the purpose of attracting national and foreign direct investment. This work includes the generation of data and information packages in support of business cases for sector-specific and region-specific investment. The Department aggressively pursues new investment opportunities and responds to those initiated by clients.

To assist with the attraction and growth of business, the Department manages the Business Attraction Fund and the Oil & Gas Manufacturing and Services Export Development Fund (OGEDF), and the Aerospace and Defence Development Fund (ADDF).

The Business Attraction Fund is designed to attract businesses to the province by providing customized financial assistance to establish or expand operations. The fund consists of allocations for loans or incentives as well as non-repayable contributions.

The OGEDF is designed to support strategic investments in new business opportunities for export-based petroleum fabrication, manufacturing and service provision.

The ADDF supports the growth of the province's aerospace and defence industry by facilitating opportunities to build capacity, enhance competitiveness, attract national and international investment and industrial benefits, and bring new expertise and business opportunities to Newfoundland and Labrador.

Marketing

The Department leads the development and government-wide implementation of the brand strategy which establishes and markets Newfoundland and Labrador as a place to invest, live, and work. In addition, for the purposes of business attraction and generation of increased business investment in the province, the Department is responsible for the development and implementation of a marketing strategy.

Regulatory Environment Reform

The Department provides project management for Government's regulatory environment review and is the lead administrator for the Red Tape Reduction (RTR) Initiative. The functions in this line of business include coordinating the assessment of the regulatory regime to ensure that it is efficient, flexible and transparent. Maintaining high standards, monitoring and recommending measures to enhance the regulatory environment are key elements of this reform.

Advisory Responsibility Related to Business Support

The advisory responsibility encompasses the development of a Provincial Investment Attraction Strategy and the Department's oversight role in its implementation. The functions include leadership and advice on priorities to optimize long term business growth and investment. Other functions include the identification of gaps in such things as industry supply chains and infrastructure. Furthermore, the Department is involved in the development and maintenance of innovative business policies and the promotion of a solid business environment within government.

Financial and Organizational Profile

The Department's expenditures in 2008-09 were approximately \$11.9 million (*Refer to Appendix A*). Expenditures and revenue figures included in this document are based on public information provided in the Report on Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended March 31, 2009.

The majority of the responsibilities of the Department revolve around servicing businesses and the departments, agencies, boards and commissions of the Government of Newfoundland and Labrador. In addition to these primary clients, the Department serves all citizens by focusing on the reduction of unnecessary regulatory requirements and through the promotion of the provincial brand.

The Department operates out of its office located on the sixth floor, Confederation Building (East Block), St. John's. As of March 31st, 2009, the Department had 14 female and 18 male staff comprised of permanent, temporary and contractual positions.

SHARED COMMITMENTS

The Department provides policy leadership and support to the public service in areas of Brand Strategy, Regulatory Reform and Inward Investment. To ensure government's business policies are consistent with the Department's mandate, staff work collaboratively with other departments, agencies, boards, and commissions in an advisory capacity or as participants on working groups and committees. Some of the inter-departmental initiatives which the Department of Business has led or was involved in during 2008-09 include the following:

Business Attraction

Business Attraction promotes the competitive advantages of the province for the purpose of attracting inward investment. To maintain a sustainable advantage over its competitors and to create a foundation for a diversified economic base, the province requires an investment attraction model to guide government's actions and decision making. In 2008-09, the Department, in collaboration with other government entities and industry stakeholders, continued to develop a Provincial Investment Attraction Strategy.

Regulatory Reform

Dealing with Provincial Government processes and regulations has been made easier over the past three years. Examples of progress on this front include decreases in the complexity of registering businesses, easier access to career planning services, the streamlining of salmon and moose licence returns and an easier campsite reservation process. These efficiencies are a direct result of the progress made under the Red Tape Reduction Initiative. For more information and examples, see www.gov.nl.ca/redtape.

The Red Tape Reduction Initiative was launched in 2006 with the goal of reducing government administrative burdens and regulatory inefficiencies by 25%. Since 2006, 33

provincial government departments, agencies, boards and commissions have contributed directly to surpassing the goal. Going forward, the commitment to relieving the regulatory burden continues with a “zero growth” approach, meaning that for every new regulatory requirement introduced within government, an existing one must be eliminated.

Brand Signature

In 2008, the Department implemented a marketing strategy for the purposes of business attraction and generation of increased business investment in the province. Marketing the province involves the participation of all government departments and agencies.

Business Continuity Planning

A Business Continuity Plan identifies essential government services, critical infrastructure and information management / information technology required to ensure the continuation of essential government services in the event of a natural, human or technological event or disaster. In 2008, the Department of Business completed its continuity planning for incorporation into the larger government wide plan.

Occupational Supply and Demand Working Group

Healthy labour market development is essential to ensure individuals and organizations throughout Newfoundland and Labrador are ready to take advantage of the opportunities that our provincial economy holds and to meet emerging challenges. In 2007-08, the Department of HRLE established an interdepartmental labour supply and demand working group which developed monitoring tools to provide information to better assist individuals, employers, post-secondary institutions and others in responding to emerging opportunities and potential labour gaps. The Department of Business participates on this working group.

KEY PRIORITIES AND ACHIEVEMENTS

During the 2008-09 year, the Department continued to address key priority areas of the department’s strategic direction to improve the business environment in Newfoundland and Labrador by generating investment, advisory responsibility related to business attraction, marketing, and regulatory reform.

The following sections provide details on the Department's progress in meeting its objectives for the 2008-09 year. *Refer to Appendix B for Accomplishments at a Glance.*

Business Attraction

2008-09 Annual Results:

This section outlines the Objective, Measure and Indicators set by the Department for the 2008-09 fiscal year which commenced on April 1, 2008 and ended March 31, 2009. Furthermore, it describes accomplishments made toward meeting the stated objective.

Objective: By March 31, 2009, the Department will have increased penetration in selected sectors and identified geographical areas.

Measure: Increased penetration in selected sectors and identified geographical areas

The 2008-09 fiscal year was a very busy and successful year for the Department of Business with the signing of six new investment attraction deals. These wins were accomplished in the areas of Video Game Development, Information & Communications Technology (ICT) and Manufacturing. The Department also awarded its first deal under the Oil and Gas Manufacturing and Services Export Development Fund. Furthermore, the Department continued its prospecting activity and penetration into markets in various global locations such as the United States, Middle East, Asia, Europe and China.

Supporting the increased investment attraction efforts, there were a number of prospecting trips and trade missions that occurred in 2008-09 with departmental representatives traveling to England, China, United Arab Emirates, the United States and other provinces within Canada. Business Development activities were further enhanced by the hiring of additional business attraction staff, including a new Director of Business Attraction. Supplementing this work, the marketing division designed and delivered a new trade show presence (booth, materials, etc) that increases the province's profile at national and international events and assists the department in projecting the Province's image as a great place to live and invest.

The Department's continued proactive approach to business development was evident in 2008-09. This approach led to the announcement of six transactions which are expected to create up to 178 jobs. Success in the area of Business Attraction is directly aligned with the Department's Strategic Directions. Furthermore, the department worked on improving its value propositions used to attract new clients. The Department defines value propositions as the unique collection of benefits a potential client will derive from investing in Newfoundland and Labrador.

Indicators and Accomplishments:

Indicators	Accomplishments
1. Increased interest (qualified inquiries) from the various target audiences	<p>It was decided to use the 2008-09 year as the baseline year against which future years' inquiries will be measured. This was done to ensure the data used to track inquiries was consistent and comparable.</p> <ul style="list-style-type: none">• A "qualified inquiry" is defined as: a call from a business where there is the

	<p>potential to lead to new business investment in the province.</p> <ul style="list-style-type: none"> • The number of qualified inquiries in 2008/09 was 83.
2. Increased marketing activities in target markets/sectors	<ul style="list-style-type: none"> • Year over year comparisons of marketing activity showed an increase in the number of trade shows attended (14 v.s. 22) and client meetings held (453 v.s. 514). • Added to the elevated volumes mentioned above, the potential benefit derived from marketing activity increased because of this years improved focus on specific sectors. For example, the trade shows attended were primarily in the mining, ICT, Aerospace and Defence and Oil and Gas sectors, all of which were strategically targeted by the department.
3. Effective integration of the Brand into marketing activities	<ul style="list-style-type: none"> • Several major marketing initiatives were executed that effectively integrated the brand into marketing activities. These activities included: new sales support collateral, design and construction of a modular trade show booth and enhancements to the department's website (www.nlbusiness.ca).
4. Increased number of leads in priority sectors	<ul style="list-style-type: none"> • The number of leads was approximately the same as the last two years and did not increase; this was attributable to developing a tighter focus and putting more time and effort towards certain targeted sectors and opportunities, while placing less emphasis on lower priority and lower impact opportunities.
5. Identified infrastructure gaps in relation to opportunities being pursued	<ul style="list-style-type: none"> • Access to and from the province is an infrastructure gap. In 2008-09 the Department initiated the development of an Air Access Strategy.
6. Continued exploration efforts for customized value propositions	<p>The Department continued exploration efforts for customized value propositions in the following ways:</p> <p><i>Broad Value Propositions</i></p> <ul style="list-style-type: none"> • Targeted Fact Sheets explaining specific value propositions were researched and developed in the following areas: Mining, ICT, Aerospace and Defense, Ocean Technology, Manufacturing, Gaming

	<p>(video game development)</p> <p><i>Targeted Value Propositions</i></p> <ul style="list-style-type: none"> • Business attraction team members researched and developed customized value propositions for all potential clients. • The Department used the services of market consultants to strengthen and customize specific value propositions.
<p>7. Enhanced inventory of in-market expertise relevant to the priority sectors in identified niche market/geographic areas</p>	<ul style="list-style-type: none"> • By working with in-market consultants, industry associations, educational institutions and federal / provincial entities, the Department enhanced its inventory of in-market expertise relevant to priority sectors in identified niche market / geographic areas. • The department has grown its expertise in the areas of Oil and Gas, ICT, Aerospace and Defence, Manufacturing, Ocean Technology, Life Sciences and Mining.

One of the Department's main functions is to attract investment from outside the province. The Department's strategic approach and focus have resulted in many success stories during the past year including the previously mentioned six new investment deals.

The Department continues to pursue quality, long term opportunities that will result in increased economic activity for the province and related standard of living increases for its residents. To achieve this goal, the Department is constantly reviewing its strategies and target sectors to ensure that its resources and programs are optimally focused.

Provincial Investment Attraction Strategy

2008-09 Annual Results:

This section outlines the Objective, Measure and Indicators set by the Department for the 2008-09 fiscal year which commenced on April 1, 2008 and ended March 31, 2009. Furthermore, it describes accomplishments made toward meeting the stated objective.

Objective: By March 31, 2009, the Department of Business will have initiated implementation of the Provincial Investment Attraction Strategy (PIAS).

Measure: Coordinated initial implementation

Increasing economic development throughout the province is a priority for the Government of Newfoundland and Labrador. The key to economic development is a well diversified economy

and this includes attracting new foreign investment. Foreign companies bring new technologies, ideas and skills, in addition to new investment.

During this past fiscal year the Department made progress toward completion of the Provincial Investment Attraction Strategy but, because of the complexity and scope of the project, did not meet this year's objective stated above. Based on this, components of this year's planned work will be completed in the 2009-10 fiscal year. It is anticipated that this realignment of work will not impact the timing of the completion of the overall three year goal of the Department to coordinate the implementation of PIAS.

Attracting additional foreign direct investment to the province has always been and remains a priority of this Government. In 2008-09 the Department of Business was very active in meeting with numerous partner agencies across the province, including federal and provincial economic departments, regional, municipal, and educational organizations as well as industry associations. The objectives of these meetings were to better understand stakeholder roles and to communicate the Department's role as it relates to attracting new investment to the province. This focus on strengthening partner relationships built on the sector-based research that the Department had previously completed.

Important elements of successful investment attraction – understanding sector opportunities and ensuring alignment with stakeholders inside and out of the province – will be critical to finalizing the creation and roll out of the provincial investment attraction strategy by 2010-11.

Indicators and Accomplishments:

Indicators	Accomplishments
1. Communicated the Provincial Investment Attraction Strategy to key stakeholders	Research was completed at a provincial and international level. Comprehensive interdepartmental and industry consultations were completed in 2008-09. The complexity and scope of this strategy warranted more work than originally anticipated. Work towards meeting these indicators will occur in year 2009-10.
2. Developed and communicated the implementation framework	
3. Established monitoring and evaluation framework	
4. Developed Department of Business specific implementation plan	
5. Facilitated action of priority recommendations	

Based on the fact that the first and fifth indicators listed above, which relate to communication of the strategy framework and facilitation of priority recommendations, can only occur once the Strategy is finalized and approved, it is anticipated that these will be accomplished during the 2010-11 year.

Regulatory Environment Reform

2008-09 Annual Results:

This section outlines the Objective, Measure and Indicators set by the Department for the 2008-09 fiscal year which commenced on April 1, 2008 and ended March 31, 2009. Furthermore, it describes accomplishments made toward meeting the stated objective.

Objective: By March 31, 2009, the Department of Business will have facilitated the three year RTR initiative and advanced regulatory reform.

Measure: Facilitated RTR initiative and advanced regulatory reform

As of March 31, 2009, the Red Tape Reduction Initiative met its regulatory reduction target by reducing the number of regulatory requirements across all government entities by over 25%. Dealing with government processes and regulations has been made easier for clients and there is an ongoing commitment to further reduce the regulatory burden and improve quality of service. The Department of Business has coordinated the efforts of all government departments to implement regulatory measures which foster innovation and efficiency and to raise awareness of the benefits of improved regulation on businesses and citizens. Examples of improved regulatory measures include implementation of online services, reductions in paperwork, elimination of outdated and redundant legislation, streamlining of application processes and reduced frequency of compliance reporting.

Aside from exceeding government's quantitative target of a 25% reduction in regulatory requirements, the more tangible outcomes of the initiative are the improvements made in regulatory processes as referenced above. These are the items which impact external stakeholders who interact with government, whether on an occasional or frequent basis.

Regulatory reform, as supported by the work of other jurisdictions that have launched similar initiatives, requires a long term commitment. The past three years, while producing strong results, represents only the preliminary stage of government's overall commitment to improving regulation for businesses and citizens. Regulatory reform is primarily about changing the way government manages its services to the public. It requires a shift in thinking, away from the traditional, prescriptive model of regulation to one that is much more results-oriented and client-focused.

Indicators and Accomplishments:

Indicators	Accomplishments
1. Supported the 25% reduction target	<ul style="list-style-type: none"> • The 25% reduction in regulatory requirements across all government departments, agencies, boards and commissions was met. • The department supported the target by working one-on-one with departments, holding group sessions and by keeping executive up to date on progress.
2. Reported on improved client services	<ul style="list-style-type: none"> • Numerous examples of client service improvements were realized and reported publicly every 6 months and internally every month. • Examples of improved client services included placing more government

	services online, reducing frequency of compliance reporting, creating client service offices/positions, and merging application processes.
3. Plan developed for further regulatory enhancement	<ul style="list-style-type: none"> • A plan was developed for further regulatory enhancement moving beyond the original 3 year mandate.

MOVING FORWARD

Building on the success of 2008-09 we anticipate this upcoming year to be equally as rewarding for the Department of Business. With multiple investments attracted to the province last year and a more streamlined approach based on our growing experience, the Department is well prepared to excel in meeting this year's objectives.

Business Attraction

Three Year Goal, Measure and Indicator Targets

For reference, the following table, from the Department of Business 2008-2011 Business Plan shows the Department's three year goal, measure and indicators.

<p>Goal 1: By 2011, the Department of Business will have implemented a responsive and proactive business attraction model.</p> <p>Measure: Proactive and responsive business attraction framework implemented.</p>	<p>Indicators</p> <ul style="list-style-type: none"> • Successfully implemented a marketing strategy for business attraction • Investments made in strategic/priority areas to support business attraction • Increased business activity attributed to attraction efforts • Increased prospecting activity for business attraction and investment • Generation of investment opportunities
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2009-2010 Objective, Measure and Indicators

During 2009-10, it is anticipated that between 6-10 new deals will be finalized. These results will be accomplished by increasing intelligence and marketing activity in targeted sectors. As well, existing relationships already established by the Business Attraction staff, will be expanded and consolidated in 2009-10. Participation in trade shows, conferences and in-market prospecting trips that are aligned with the Department's strategic interests and targets will be expanded. The Department's value propositions for each sector will also be evaluated and new

ones created through collaboration with industry stakeholders. The Business Attraction staff will also work closely with the Department's marketing and strategic planning experts to ensure the Department's message and strategy are effectively focused and communicated.

The Department of Business will continue the implementation of its marketing strategy to promote Newfoundland and Labrador as an investment destination through brand and sector specific tactics. In 2009-10, the Department will work to increase the province's profile on the international stage as a place to live, work and invest through targeted marketing activities based around the 2010 Olympic and Paralympic Games in Vancouver. In addition, working with all government departments and relevant agencies, the Department of Business will further develop and implement government's brand strategy.

To meet the three year targets set in the Departmental Business Plan, the following table shows the 2009-10 targets. These targets will be worked on this year and will contribute to the overall three year effort by the Department to meet the stated results.

Objective	By March 31, 2010, the Department of Business will have developed customized value propositions for key prospects as determined through increased penetration efforts.
Measure: Developed customized value propositions	
Indicators:	
<ul style="list-style-type: none"> • Develop new customized value propositions for priority sectors • Improve existing value propositions through ongoing integration of new information • Seek collaborative opportunities with stakeholder partners to attain current, comprehensive and creative ideas and information to enhance value propositions 	

The Provincial Investment Attraction Strategy

Three Year Goal, Measure and Indicator Targets

For reference, the following table, from the Department of Business 2008-2011 Business Plan shows the Department's three year goal, measure and indicators.

<p>Goal 2: By 2011, the Department of Business will have coordinated the implementation of the Provincial Investment Attraction Strategy.</p> <p>Measure: Coordinated implementation.</p>	<p>Indicators:</p> <ul style="list-style-type: none"> • Developed implementation framework • Facilitated the implementation efforts of other government departments • Initiated implementation of Department of Business specific priority recommendations identified in the strategy • Coordinated engagement of industry sectors
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2009-2010 Objective, Measure and Indicators

The 2009-10 year will see the completion of the drafting stage of the Provincial Investment Attraction Strategy. Also, work will be completed on the establishment of the implementation, monitoring and evaluation frameworks. The internal implementation plan specific to the Department of Business will also be developed.

To meet the three year targets set in the Departmental Business Plan, the following table shows the 2009-10 targets. It should be noted that, based on the revised timelines mentioned previously, the objective and measure set originally in the three year plan no longer align with planned work for 2009-10. The indicators below accurately reflect the work planned for completion this year. The Department is still on track to meet the overall three year goal of coordinating the implementation of the Strategy.

Objective	By March 31, 2010, the Department of Business will have supported and monitored the implementation of PIAS.
Measure: Coordinated initial implementation	
Indicators: <ul style="list-style-type: none"> • Completed drafting of Strategy • Submitted Strategy for approval • Developed the implementation framework • Established monitoring and evaluation framework • Developed Department of Business specific implementation plan 	

Regulatory Environment

Three Year Goal, Measure and Indicator Targets

For reference, the following table, from the Department of Business 2008-2011 Business Plan, shows the Department's three year goal, measure and indicators.

Goal 3: By 2011, the Department of Business will have led the continued improvement of the regulatory environment across government.	Indicators: <ul style="list-style-type: none"> • RTR outcomes assessed • Plan developed and implemented for further regulatory enhancement for business • Continuous improvement approach implemented
Measure: Continued improvement of the regulatory environment.	

2009-2010 Objective, Measure and Indicators

Working towards meeting the three year goal, the following indicators will be used to monitor success over the 2009-10 fiscal year. The first two indicators monitor the target of a 0% increase in regulatory requirements and the reporting associated with this work. The third indicator addresses the Department's role as the coordinator for improvements to the Regulatory Impact Analysis Process. The fourth indicator points to the Department's work on identifying priority areas for regulatory review in consultation with all departments. The fifth indicator addresses the development of a framework for measuring qualitative improvements in the regulatory process. Finally, the sixth indicator points toward the reporting of improvements and other related indicators.

Regulatory reform has been adopted as a permanent function of government's overall mandate as it allows government to function more productively and allows private stakeholders to interact with government in a more efficient manner. This goal and associated indicators will ensure that all government departments strive toward an ever improving regulatory environment and will move us toward meeting the Department's Strategic Direction of Regulatory Reform.

To meet the three year targets set in the Departmental Business Plan, the following table shows the 2009-2010 targets. These targets will be worked on this year and will contribute to the overall three year effort by the Department to meet the stated results.

Objective	By March 31, 2010, the Department of Business will have reported on Red Tape Reduction outcomes and implemented a continuous improvement approach for regulatory reform.
Measure:	Reported on red tape reduction outcomes and implemented new approach
Indicators: <ul style="list-style-type: none"> • Supported the target of 0% increase in regulatory requirements • Reported on outcomes • Coordinated efforts of departments to improve Regulatory Impact Analysis • Initiated consultations with departments to identify priority areas for regulatory review • Developed accountability measurement framework for qualitative improvements in regulatory processes • Reported on improved client services and other indicators specific to the 2009-10 year 	

OPPORTUNITIES AND CHALLENGES

Opportunities

Prior to 2009, Newfoundland and Labrador had been experiencing strong economic and fiscal growth. Two important results of this success are the cessation of the long running out-migration trend and lower unemployment levels.

Big wins have been seen with industry partners including the achievement of a new and stronger agreement with Vale Inco and a new equity stake in Hebron and White Rose. Supporting these and other large industrial projects has encouraged our knowledge-based industries, educational institutions, and local research communities to move forward and, as such, are earning a global reputation for developing innovative, cutting-edge products and services.

For the first time since Confederation, Newfoundland and Labrador has achieved “have” status. With economic momentum gathering, the province is rapidly gaining recognition across Canada and internationally as a viable option for starting or expanding a business.

Attracting new people and new business creates new employment and contributes to diversifying the provincial economy. The Department of Business sees enhanced opportunities to attract investment to the province based on our recent success particularly compared to other jurisdictions where the world wide economic downturn has been more severe. Leveraging this, we will continue to promote the province and continue to aggressively focus on sectors which have the best potential.

Challenges

Like most jurisdictions around the world, the province’s economy is currently being negatively impacted by the global recession. The province’s real GDP is expected to decline by 7.7% in 2009 largely as a result of the downturn in oil, mineral and newsprint exports. Declines in these three areas will all add to higher unemployment levels. However, it should be noted that much of the decline in GDP this year is due to natural declines in oil production and is not related to the global recession. With the rebound in the world economy and several major projects either underway or in the planning stages, growth is expected to resume in 2010.

One longer term issue faced by Newfoundland and Labrador is its higher than average population age. With an aging population issues such as higher health care costs and labour shortages in certain skilled areas come to the forefront. Having said this, government is taking active steps to address these challenges, for example through the work of the Skills Task Force and other labour market development initiatives, the development of a new Youth Retention and Attraction Strategy, and investments in training, education and health.

A large geographic area with a low population density is a challenge to air service within this province. Air transportation also integrates our province with the rest of Canada and the global economy by providing access to markets, enhancing links between businesses and by providing greater access to resources and international capital markets. The Department knows this is a challenge for investment attraction and, as such, is leading the development of an Air Access Strategy.

The issues mentioned above will form short term and longer term challenges for the attraction of new business to the province. The goals set out in the Department’s Three Year Plan and reported on this year address some of these issues specifically relating to the Departmental mandate.

APPENDICES

Appendix A – Financial Statements

**Department of Business
Report on Program Expenditures and Revenues
Consolidated Revenue Fund
For the Year Ended 31 March 2009
(Unaudited)**

		Actual	Estimates	
			Amended	Original
1.1.01	Minister's Office	395,125	409,200	388,200
1.2.01	Executive Support	535,814	1,032,900	984,300
1.2.02	Strategic Planning and Communications	995,690	2,699,800	2,629,500
2.1.01	Business Attraction	992,956	2,689,600	2,553,500
2.1.02	Special Initiatives – Investment Attraction	1,009,802	4,955,000	5,000,000
2.1.03	Business Attraction Fund	8,000,000	25,000,000	25,000,000
Total Department		11,929,387	36,786,500	36,555,500

An audited financial statement is not a requirement for this entity.

Appendix B – Accomplishments at a Glance

Strategic Direction	Major Accomplishments
Business Attraction	<ul style="list-style-type: none"> • The Department signed six new investment attraction deals in the areas of Information, Communications, Technology (ICT) and Manufacturing. These deals are expected to create up to 178 direct jobs, generate indirect employment, create business activity for local companies, and diversify our economic base. • The Department facilitated oil and gas manufacturing and exporting companies based in Western Newfoundland, the Burin Peninsula and St. John's, in boosting their capacity and competitiveness as they expand into new markets for oil and gas supply. • The Department developed a new program designed to contribute to the development of the aerospace and defense industry.
Business Support	<ul style="list-style-type: none"> • In 2008-09 the Department initiated development of the government wide Air Access Strategy. • During 2008-09 the Department continued to promote investment into the province across government departments, various local industries and internationally in specific sectors. • Several major marketing activities were executed such as, new sales support collateral, design and construction of a modular trade show booth and enhancements to the department website (www.nlbusiness.ca). • The province signed on as a contributing partner for the 2010 Olympic and Paralympic Winter Games. Furthermore, the Department of Business was involved in the planning and execution of provincial marketing activities associated with the Games. • The Department of Business introduced a Logo Licencing Program aimed at suppliers/manufacturers wanting to produce clothing and other merchandise containing the Provincial brand logo for the purposes of resale to the general public.
Regulatory Environment Reform	<ul style="list-style-type: none"> • The total number of regulatory requirements within Government was reduced by more than 25%, which was government's publicly stated goal. • 77,384 regulatory requirements were removed from the system. • 427 Cabinet submissions were reviewed to determine

	<p>regulatory impacts with analysis provided to Cabinet Secretariat</p> <ul style="list-style-type: none">• Monthly reports received from 33 participating government entities, reviewed and summary reports prepared for Cabinet Secretariat.• RTR database (Regulatory Reform Tracking System) launched to allow 33 entities electronic access to their inventory of regulations and to facilitate their monthly reporting• Participated in semi-annual meetings of federal-provincial-territorial Working Group on Regulatory Reform
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