

Annual
2009/2010
Report

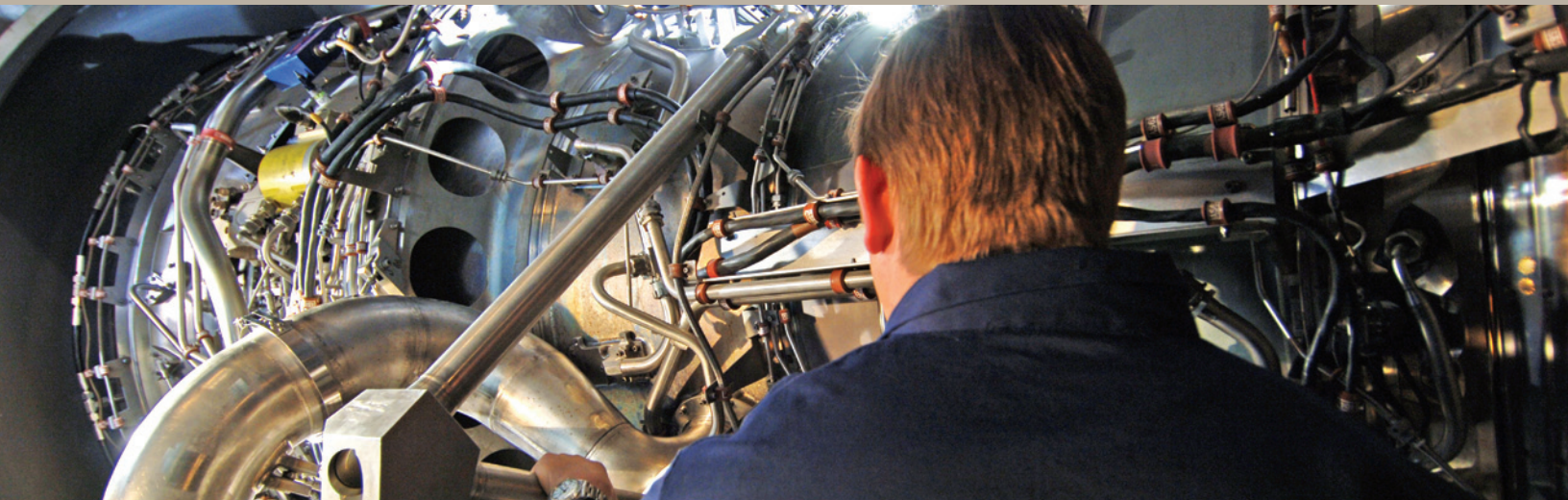


Table of Contents

Message from The Honourable Ross Wiseman Minister of Business	iii
Departmental Overview	iv
Shared Commitments	6
Key Priorities and Achievements	8
Issue 1: Business Investment	9
Issue 2: Investment Attraction Strategy	15
Issue 3: Regulatory Environment	18
Other Highlights and Accomplishments.....	21
Opportunities and Challenges.....	23
Appendices	26

MESSAGE FROM THE MINISTER



I am pleased to present the 2009-10 Annual Report of the Department of Business in accordance with the Department's requirements as a category two government entity under the *Transparency and Accountability Act*. This Annual Report was prepared under my direction and outlines achievements and activities of the Department over the past fiscal year.

During the past year the Department continued its focus on improving the business environment in Newfoundland and Labrador by attracting new business and investment opportunities to the province. The development of a new comprehensive Investment Attraction Strategy has been a major focus in 2009-10. This multi-year plan will be designed to provide coordinated, strategic oversight of activities and initiatives throughout the Provincial Government that support the attraction of new investment to the province across a number of sectors. The Department of Business also led the development of an Air Access Strategy designed to improve air services in the province. Significant work has occurred, and the strategy is anticipated to be released in 2010-11.

During 2009-10, the Fraser Institute ranked Newfoundland and Labrador number one among all provinces for having the lowest cost of government regulation. As well, the Canadian Federation of Independent Business rated Newfoundland and Labrador one of the top three of 13 jurisdictions in the country for its progress in improving regulation. Due to keeping the regulatory burden and ease of compliance in check, this province has one of the most positive investment climates in Canada.

The Department also continued to lead the brand development for the province. The brand signature is now a clearly recognizable symbol amongst our target audiences. Ongoing work being led by the Department will support the desired result of a consistent Newfoundland and Labrador brand.

As Minister, I am accountable for the results that are reported in this document. I take pride in the staff of my Department and what we have achieved. At this time, I would like to express my sincere gratitude to the staff for their commitment, professionalism and dedicated service. We look to the future with optimism and the promise of still greater success in 2010-11.

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

The Honourable Ross Wiseman
Minister of Business

Departmental Overview

Business Description

The Department of Business was established to provide leadership in building a competitive economy to foster business growth and attract new investment into the province. The Department has four key lines of business: business investment, marketing and brand development, regulatory reform and business leadership. Each of these lines of business contributes to the Department's mandate and supports ongoing improvements to the business environment in this province. The department provides the leadership focus critical to success in positioning the province as a place to live, work, invest, and visit.



Provincial Aerospace of St. John's

Looking forward, the Department will provide leadership on the completion and implementation of two significant strategies. The Investment Attraction Strategy is a multi-year plan designed to provide coordinated, strategic oversight of activities and initiatives throughout the Provincial Government that support the attraction of new investment to the province across a number of sectors. It will identify actions aimed at building a more competitive business environment that encourages inward investment and achieving a highly-educated and skilled workforce in the province. It will focus on increasing the promotion of Newfoundland and Labrador as an investment destination, strengthening cooperation with the business community and other partners, and linking investment attraction with efforts to grow local business.

The development of a new five-year air access strategy has also been a significant focus of the Department in 2009-10. The air access strategy will contain several goals and initiatives focused on attracting new economically-viable routes to Newfoundland and Labrador, and will dedicate resources to support these routes.

Values

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

Value	Each person...
Collaboration	identifies opportunities to involve others, and invites and considers their input
Accountability	accepts responsibility for their own actions as well as that of the team for maintaining competencies required for their role follows through on requests and commitments
Respect	considers the differences of opinions, values, beliefs, culture and religion of others expresses verbal and non-verbal behavior in a socially acceptable manner
Creativity	shows initiative to find new ways to improve service and its delivery
Dedication	works diligently and conscientiously to maximize efforts to achieve success willingly supports others to fulfill their role works to promote the overriding interest of the organization and adapts to the changing priorities

Vision

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

Mandate

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

Mission

The mission statement identifies the priority focus area of the Minister for the three year planning cycle ending March 2011.

Mission statement:

“By 2011 the Department of Business will have facilitated the attraction of major business across the province and across sectors.”



petroforma inc. provides detailed reservoir fluid analysis to oil companies operating in Newfoundland and Labrador and internationally.

Lines of Business

The key lines of business for the department are Business Investment, Marketing and Brand Development, Regulatory Reform and Business Leadership. The titles of these lines of business have been changed slightly in 2009-10 to more clearly reflect the strategic directions of the Government and the related mandate and priorities of the Department.

Business Investment

Business investment 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 information packages in support of sector-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, 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 and Brand Development

The Department continues to lead government's brand development initiative which establishes and markets Newfoundland and Labrador as a place to invest, live, work, and visit. 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 plan.

Regulatory Reform

The Department provides management for Government's ongoing regulatory reform. The Department coordinates 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. 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, and monitoring and recommending measures to enhance the regulatory environment are key elements of this reform.

Business Leadership

The Department provides leadership for the development and maintenance of innovative business policies and the promotion of a positive business environment. This leadership responsibility also encompasses the development of an investment attraction strategy and the Department's oversight role in its implementation. The functions in this line of business include providing leadership and advice on priorities to optimize long term business growth and investment, and identifying gaps in such areas as industry supply chains and infrastructure. The Department also provides leadership, in collaboration with the Department of Finance, in monitoring the business tax climate in Newfoundland and Labrador.

Financial and Organizational Profile

The Department is comprised of the Offices of the Minister and Executive and two main Branches, the Business Investment branch and Strategic Policy and Communications branch. As of March 31, 2010, the Department's staff complement was 34 (15 female and 19 male) comprised of permanent, temporary and contractual positions.

The Department's expenditures in 2009-10 were approximately \$7.1 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, 2010.

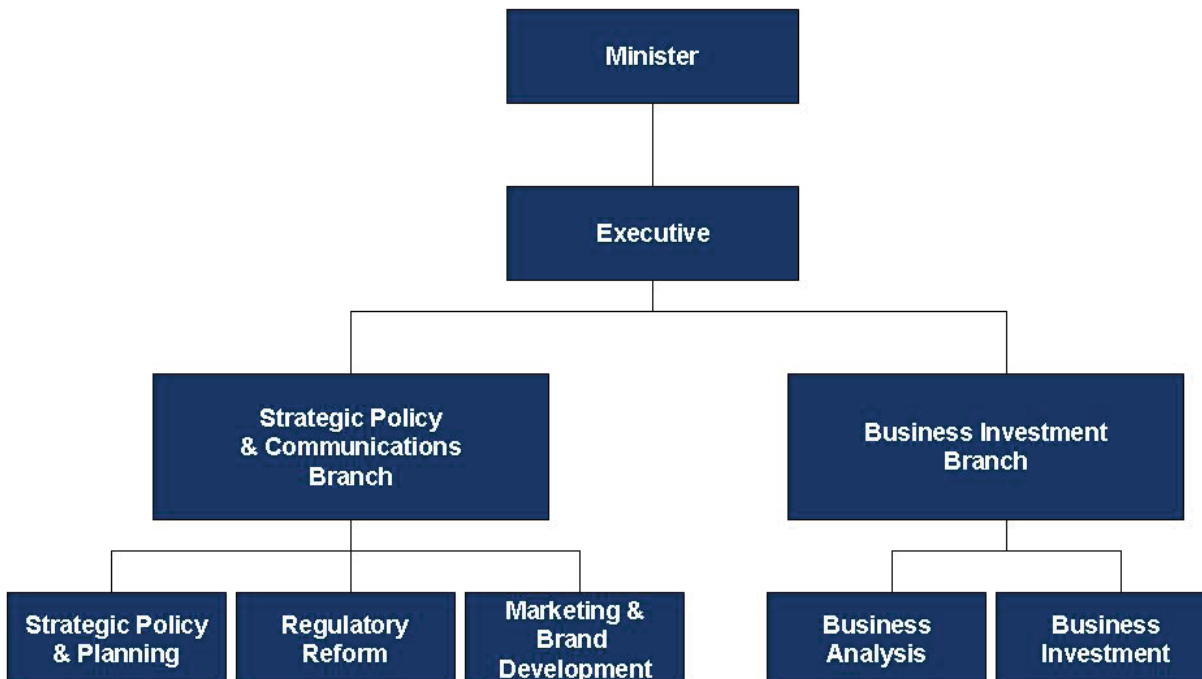
Primary Clients

The primary clients of the Department of Business are external and indigenous businesses including:

- Companies from outside the province, i.e. from foreign or other Canadian jurisdictions, that have an interest in investing in Newfoundland and Labrador;
- Newfoundland and Labrador based companies that are joint venturing with outside investors or partners for the purpose of setting up or expanding operations in the province.
- Indigenous companies (meeting specific funding guidelines) from the targeted growth sectors of oil and gas as well as aerospace and defence.

Primary clients also include other departments, agencies, boards and commissions of the Government of Newfoundland and Labrador.

Organizational Chart



Shared Commitments

The Department provides policy leadership and support to the public service in areas of brand development, regulatory reform and business 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 2009-10 include the following:

Business Attraction

Business Attraction promotes the competitive advantages of the province for the purpose of attracting inward investment. This requires a broad government wide shared commitment to position the province as a place to live, work, invest, and visit. 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 2009-10, the Department provided business leadership, in collaboration with other government entities and industry stakeholders, on the development of an Investment Attraction Strategy. This horizontal strategy incorporates common themes of various government departments and agencies, respecting investment attraction, and is intended to complement and coordinate investment attraction efforts across government.

Significant work has occurred on the strategy development. The Deputy Minister of the Department of Business is leading a Deputy Ministers Steering Committee for Investment Attraction Strategy. This committee provides overall leadership for all aspects of the Investment Attraction Strategy from strategy development to monitoring and reporting upon implementation. Successful implementation of the strategy will require ongoing action of key priority items by respective participating departments.

Business Tax Incentive Review

The Department of Business, in collaboration with the Department of Finance, monitors the annual changes to both fees and taxation (including corporate and personal taxes) in each Canadian province and assesses the impact the changes have on the relative competitiveness of Newfoundland and Labrador's business tax environment. This monitoring and assessment is valuable in continuous quality improvement efforts to market the province as a place to live, work, invest, and visit.

Regulatory Reform

Building on the success of the red tape reduction initiative, Government has established regulatory reform as a permanent function within the Department of Business. Government intends to continue its focus on qualitative regulatory reform with all departments being required to identify priority areas for qualitative improvements along with plans to achieve positive results in the way government conducts business with its citizens. The Department will consult with all participating agencies, boards, commissions and departments to identify appropriate areas for regulatory review.

Government has also committed to a 0% increase in regulatory requirements after March 31, 2009. The Department will continue to monitor the introduction of new regulations and/or changes to existing regulations to ensure that the 0% increase is achieved.

Marketing and Brand Development

Marketing for business investment together with the ongoing brand development initiative involves the participation of all government departments and agencies. Each department plays an instrumental role in ensuring the success of the brand development initiative. An interdepartmental marketing committee has been established this year and consists of a senior marketing staff member as its departmental representative. The committee meets on a quarterly basis.

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. The Department of Business has completed its continuity planning for incorporation into the larger government wide plan, and contributes to ongoing government wide planning for this initiative.



How will the world recognize us?

They will recognize us by a symbol that represents our natural beauty, humanity, and the strength of our collective character. One that has adapted to this place over generations, survived everything the world has thrown at it, and thrived. It's a symbol of our creativity, of our way of looking at things differently, of our belief that there really is no place on Earth quite like this place. The pitcher plant. At once both simple and amazing. Possessed of a fierce determination. Standing proud in both sun and storm, head to the wind. And always growing. It's a symbol of who we are, and what we're made of. One symbol, one voice. And by it, the world will recognize and know us from now on.

Key Priorities and Achievements

During the 2009-10 year, the Department continued to address key priority areas of the department's strategic direction. These included improving the business environment in Newfoundland and Labrador by generating investment, providing business leadership and advice, marketing the province, and advancing regulatory reform. Each division has worked to ensure that the goals and objectives of the Department were achieved. This section presents 2009-10 performance against the Business Plan for 2008-11. The goals and success indicators are provided, along with a report of our accomplishments and an analysis of how the work contributed to reaching our goals and supported the strategic direction of government. This section also outlines the objective and indicators for each goal for the 2010-11 year.

Refer to Appendix B for Accomplishments at a Glance.



Other Ocean Interactive developed this CSI game for hand-held devices at their Newfoundland and Labrador office in St. John's.

Issue 1: Business Investment

Overview of Highlights and Accomplishments 2009-10

The 2009-10 fiscal year was a busy and focused time for the Department of Business. The strategic direction of Government to improve the business environment in the province guided our work. We looked closely at business investment as a broad scope of responsibility to stimulate economic growth and investment. Business attraction was a key aspect of our efforts. To reflect the broader scope of activity and responsibility, we strengthened the language of this issue to Business Investment (formerly Business Attraction).

At the outset, the Department planned the year in terms of targeted sectors and related marketing activities. To strategically increase penetration, we attended a combination of 35 major events and investment prospecting trips (5 of which had a booth presence). These were targeted by sector to enhance business networks and to support attraction of direct investment into the province. Examples of the events attended include:

Europe's largest offshore event in Aberdeen, Scotland, (Oil& Gas sector)

Game Developers Conference, San Francisco (Information Communication Technology Sector)

Oceans 2009 Conference Mississippi (Ocean Marine Technology sector)

Paris Air Show (Aerospace and Defence Sector)

North Atlantic Marina and Boating Show in Lewisporte (Manufacturing sector)

The Department invested significant resources to increase market intelligence through research and various networking events with business. A new creative platform was developed: ***it's happening here***. A media plan was developed and implemented with sector specific and awareness advertising. New collateral materials were produced including a promotional brochure, an Annual Highlights brochure, and new customized marketing packages. Fact Sheets and the trade show/event booth were updated. New pop-up banners were produced and our web site, www.nlbusiness.ca, was refreshed. The Department ran 31 ad insertions in a variety of newspapers and magazines, investment publications, and sector-specific publications. An interdepartmental marketing committee was also established to facilitate information sharing across all government departments concerning upcoming marketing initiatives.

The Department of Business prepares customized value propositions to provide a snapshot of the business climate in the Province to potential clients in specific sectors. Generally, value propositions put forward the benefits and value that an organization can deliver to its clients. In its efforts to attract business investment, the Department of Business promotes the Province as a place to live, work, visit and invest. Our value propositions are customized to identify those things that best meet the needs of a particular type of business or industry. They also highlight the unique benefits we can offer potential prospects that positions us against our competitors. During 2009-10, the Department worked to improve existing value propositions as a means to increase our penetration efforts and provide quality information to clients.

The Department recognizes and values the input of its stakeholders. To enhance our future planning, we completed a post evaluation of each event to determine the level of success. This included follow up discussions with potential clients as well as an internal post evaluation of each event.

We also looked beyond investment attraction to evaluate our overall client service. We wanted to know first hand from our clients how we could improve. Internal discussions and process mapping were initiated and will continue in the upcoming year. Research is also underway to identify best practices, conduct a gap analysis relevant to current departmental practices, and determine specific departmental approaches to evaluate client experiences as a means to achieve continuous quality improvement. Further research will be conducted in the upcoming fiscal year to include a Client Satisfaction Survey.

This year we reached out to stakeholders including federal, municipal, education, and the business community. Fifty-four stakeholder meetings were held to foster and grow relationships with these valuable partners. We continued to develop networks with targeted businesses interested in investing in the Province. In excess of four hundred clients meetings were held in our chosen targeted areas.

Business investment efforts resulted in eight new projects being approved by the Department in 2009-10 at a total investment for the Government of Newfoundland and Labrador of \$7.4 million. The total project costs of \$30.9 million are expected to result in the creation of approximately 270 jobs with an anticipated return to Treasury of \$24.5 million and overall net economic benefit of \$167.7 million.



The Henry Goodrich semi-submersible oil rig operating in the waters off Newfoundland and Labrador.

Business Attraction Fund (BAF)

Of the \$7.4 million in funding contributions, four projects with an investment for the Government of Newfoundland and Labrador of \$4.9 million were approved from the Business Attraction Fund.

Aerospace and Defence Fund (ADDF)

The Department focused on ensuring a high level of monitoring and support was in place for the new ADDF. Guidelines and collateral material were developed and are currently in use. Employees are now fully versed and promoting the program proactively with relevant clients. Two projects with an investment for the Government of Newfoundland and Labrador of \$1.5 million were approved from the ADDF.

Oil and Gas Export Development Fund (OGEDF)

Established in 2007 as a provincial Energy Plan initiative, the OGEDF is administered by the Department of Business and is designed to support oil and gas supply companies in the province to expand their markets through the export of services and products. The purpose of the OGEDF is to build the capabilities and capacity of Newfoundland and Labrador businesses to supply and service the oil and gas industry. The total available contribution under the OGEDF for 2009-10 was \$1.5 million. This amount was fully committed in the approval of two projects. The Fund which was due to expire in March 2010 was extended for another two years with a \$1 million budget allocation for the upcoming fiscal year.

Goal 1 By 2011, the Department of Business will have implemented a responsive and proactive business attraction model.

Objective 1.2 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

2009-10 Indicators	2009-10 Accomplishments
<p>1. Develop new customized value propositions for priority sectors.</p>	<p>Summary Fact Sheets on targeted sectors as well as information on Newfoundland and Labrador have been completed and updated. This work continues on an ongoing basis.</p> <p>Support and resources were deployed to acquire market intelligence to assist in completing research and analysis of targeted sectors.</p> <p>Customized value propositions were prepared for client prospects reflecting factual relevant information.</p> <p>The value-proposition package included collateral material developed specifically to feature the match between the client and the province. Materials highlight the specific industry, the business climate, advantages relevant to the opportunity and any incentives that are potentially available through the Department of Business / Government of Newfoundland and Labrador.</p>
<p>2. Improve existing value propositions through ongoing integration of new information.</p>	<p>The Department conducted fact finding research and market intelligence on targeted clients and/or sectors as part of the investment prospecting process. Findings were used to improve the value propositions.</p> <p>Existing fact sheets were updated and the new information was integrated into the value propositions.</p> <p>Process mapping was undertaken and research commenced to identify best practices, conduct a gap analysis relevant to current departmental practices, and determine specific departmental approaches to evaluate client experiences as a means to achieve improvements to existing value propositions and to support continuous quality improvement.</p> <p>Existing value propositions were reviewed throughout the year as new information became available. This resulted in ongoing efforts to improve the existing value propositions.</p>
<p>3. Seek collaborative opportunities with stakeholder partners to attain current, comprehensive and creative ideas and information to enhance value propositions.</p>	<p>The number of trade shows/events attended this year increased to 35 (from 22 in 08-09)</p> <p>Marketing activity added value by an 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.</p> <p>54 key stakeholder meetings held.</p> <p>The Department of Business led the establishment of an interdepartmental marketing committee. One of its key objectives is to facilitate information sharing with key stakeholders across all government departments on marketing activities.</p>

Moving Forward

2010-2011 Objective, Measure and Indicators

During 2010-11, work will continue in support of our goal to implement a responsive and proactive business attraction model. A significant responsibility in this regard will involve leadership for coordination and implementation of priority action items of the Investment Attraction Strategy.

The Department will continue to enhance focus in selected sectors and identified geographical areas. This will be accomplished by participation in trade shows, conferences and in-market prospecting trips that are aligned with the Department's strategic interests and targets. 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 directed and communicated.

During 2010-11 the Department will focus on enhanced client aftercare. The Department wants to ensure that all aspects of client interaction are positive throughout the dealings with the Department. This will require the development of an objective evaluation tool to assess potential gaps in the level of service being provided to our clients. In that regard, work is ongoing to develop a Client Satisfaction Questionnaire.

The Department of Business will continue to promote Newfoundland and Labrador as an investment destination through brand awareness and sector specific marketing. In 2010-11 the Department will work to increase the province's profile on the international stage as a place to live, work, invest and visit through targeted marketing activities. An Attitudinal Awareness Study will be conducted to set the baseline on how Newfoundland and Labrador is seen on the North American stage. A high impact video will be produced to promote NL as a place to live, work and invest. It will be available to all government departments and other relevant stakeholders. An advertising campaign will also be launched to raise general awareness of Newfoundland Labrador as an investment destination. Sector specific print advertising will complement this activity.

In addition, working with all government departments and



Wind power offers clean and inexpensive renewable energy.

relevant agencies, the Department of Business will continue to lead government's brand development initiative. Ongoing brand development activities will include third party usage, graphic standards and logo licensing program updates and monitoring. An enhanced level of emphasis will be placed on internal communications fostering brand development among public servants.

The objective for Goal 1 (outlined in the 2008-11 Business Plan) for 2010-11 is provided below. As well, the indicators below were developed based upon our progress to date and plans for the coming year toward achievement of this goal.

Objective 1.3 **By March 31, 2011, the Department of Business will have implemented a responsive and proactive business attraction model.**

Measure: **Proactive and responsive business attraction model implemented.**

Indicators: **Alignment of marketing activities with investment attraction activities advanced**

Participated in strategically selected trade shows and investment prospecting missions

Potential gaps and barriers to business investment identified

Implementation of priority action items of Investment Attraction Strategy initiated

Issue 2: Investment Attraction Strategy

Overview of Highlights and Accomplishments 2009-10

The Investment Attraction Strategy is a horizontal strategy (5 years). Implementation will be led by the Department of Business and will involve other departments which have a role in investment attraction. The collaborative approach includes a Deputy Ministers' Steering Committee with representation from each of the participating departments. The Committee is chaired by the Deputy Minister of Business.

The overarching goal of the Investment Attraction Strategy is to increase the level of inward investment to Newfoundland and Labrador. Attracting inward investment expands the province's economic base, generates economic activity, creates jobs for people in Newfoundland and Labrador, and creates additional business opportunities for local companies. To more clearly reflect the focus of the strategy, the title has been modified from Provincial Investment Attraction Strategy to Investment Attraction Strategy.

The strategy focuses efforts on building on well-established sectors that are having success in attracting new investment (for example, oil and gas and mining), as well as diversifying into newer growth sectors in which the province has a sustainable competitive advantage to attract new investment (for example, aerospace and defence and ocean technology). It supports and sets a work plan for Government's strategic direction in the area of business attraction and business leadership.

The role of Department of Business will include:

- Coordination and oversight of strategy implementation
- Leading the strategic planning process
- Monitoring and reporting on strategy commitments
- Conducting a review at the end of Year 3

Participating Departments:

- Business
- Education
- Environment and Conservation
- Finance
- Fisheries and Aquaculture
- Human Resources, Labour & Employment
- Natural Resources
- Innovation, Trade and Rural Development
- Labrador and Aboriginal Affairs
- Tourism, Culture and Recreation

The role of the participating departments will include direct responsibility for implementation of and reporting on department specific action items of the Investment Attraction Strategy, and supporting the day-to-day direct efforts of the Department of Business to attract investment to the province.

Goal 2: By 2011, the Department of Business will have coordinated the implementation of the Investment Attraction Strategy.

Objective 2.2: By March 31, 2010, the Department of Business will have supported and monitored the implementation of the Investment Attraction Strategy.

Measure: Coordinated initial implementation.

2009-10 Indicators	2009-10 Accomplishments
<p>1. Completed drafting of Strategy.</p>	<p>Senior Director assigned to lead the strategy development.</p> <p>Deputy Ministers Steering Committee in place.</p> <p>Led multiple working groups comprised of officials from the participating departments.</p> <p>Industry stakeholders engaged throughout strategy development.</p> <p>Specific initiatives were identified and incorporated into Budget submissions of participating departments.</p>
<p>2. Submitted Strategy for approval.</p>	<p>Draft strategy developed and submitted for approval. Final strategy was not possible by year end due to broad scope and the extent of cross departmental collaboration and resources required in development.</p>
<p>3. Developed the implementation framework.</p>	<p>Implementation framework deferred pending final approval of strategy.</p>
<p>4. Established monitoring and evaluation framework.</p>	<p>Monitoring and evaluation framework deferred pending final approval of strategy.</p>
<p>5. Developed Department of Business specific implementation plan.</p>	<p>Specific action items and initiatives have been developed. Development of full Implementation plan deferred pending final approval of strategy.</p>

Moving Forward

2010-2011 Objective, Measure and Indicators

Beginning with completion of the finalized document and official release of the Investment Attraction Strategy in 2010-11, the Department of Business will provide oversight for its implementation. The Department will lead the implementation, monitor the commitments made as part of the strategy, and provide annual updates on the progress achieved on the goals and objectives contained within. The Department will assist line departments in their efforts to attract inward investment in select sectors, where appropriate and as requested.

The objective for Goal 2 (outlined in the 2008-11 Business Plan) for 2010-11 is provided below. As well, the indicators were developed based upon our progress to date and plans for the coming year toward achievement of this goal.

Objective 2.3 **By March 31, 2011, the Department of Business will have coordinated the implementation of the Investment Attraction Strategy.**

Measure: **Coordinated implementation.**

Indicators: **Key indicators developed for all strategy action items**

Implementation of the strategy's monitoring, evaluation and reporting framework initiated

Regular Deputy Minister Steering Committee meetings held

Working group committee of all participating departments established and operating

Issue 3: Regulatory Environment

Overview of Highlights and Accomplishments 2009-10

This past year was one of significant achievement and recognition for regulatory reform. A commitment to relieving the regulatory burden was announced, with the primary objective moving forward to ensure zero net growth in regulatory requirements and an ongoing focus on quality improvements to how government interacts with people and business. The zero growth approach means, in essence, that for every new regulatory requirement introduced within government, an existing one must be eliminated.

A report released by the Fraser Institute ranked Newfoundland and Labrador number one among all provinces for having the lowest cost of government regulation. Due to keeping the regulatory burden and ease of compliance in check, this province now has one of the most positive investment climates in Canada. As we diversify our economy, bring more projects to fruition, expand industries, and attract new investment from outside the province, we must continue to demonstrate that we are open and ready for business.

Newfoundland and Labrador's progress over the past year was highlighted at Federal-Provincial-Territorial meetings on regulatory reform.

Our government's continuous assessment of all new legislative and policy proposals through a regulatory impact analysis is one example of our leadership in this area.

The Canadian Federation of Independent Business (CFIB) also released a national report assessing the impact of regulations on small business and the state of regulatory reform across Canada. In the regulatory accountability progress report, the CFIB ranked Newfoundland and Labrador among the top three out of 13 jurisdictions in the country for its efforts, along with British Columbia and Nova Scotia, and ahead of the Federal Government.

The Regulatory Reform Initiative will continue to reduce administrative and regulatory inefficiencies while maintaining high standards, a level playing field for businesses, and improve the efficiency and effectiveness of government services to its citizens. This initiative is a critical component to government's strategic direction of improving the business environment in this province.

“Improving regulation is an ongoing exercise, and our government looks forward to continuing its constructive relationship with the province’s business community and other partners in pursuing that goal. We remain committed to ensuring an efficient, flexible and transparent regulatory regime, while maintaining high regulatory standards.”

Minister Ross Wiseman

Source; News Release Jan 12, 2010

Goal 3: By 2011, the Department of Business will have led the continued improvement of the regulatory environment across government.

Objective 3.2: 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.

2009-10 Indicators	2009-10 Accomplishments
<p>1. Supported the target of 0% increase in regulatory requirements.</p>	<p>Monitored all policy proposals government wide to ensure that a 1 to 1 (removal / replacement) principle was followed</p> <p>0% increase being achieved.</p> <p>The department supported the target by working one-on-one with departments, holding group sessions and by keeping executive up to date on progress.</p>
<p>2. Reported on outcomes.</p>	<p>Numerous examples of client service improvements were realized and reported in May and Dec 2009 and January 2010.</p> <p>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.</p>
<p>3. Coordinated efforts of departments to improve Regulatory Impact Analysis. (RIA)</p>	<p>One-on-one information and training sessions were provided to individuals in departments who are responsible for writing RIA's in the development of policy proposals.</p> <p>A RIA training module was developed by the department and approved by the Center for Learning and Development for implementation in the coming year.</p> <p>RIA information materials and template provided to policy divisions and others requesting same.</p>
<p>4. Initiated consultations with departments to identify priority areas for regulatory review.</p>	<p>Thirty-three departments and agencies consulted.</p> <p>Consultations involved up to 3 to 4 sessions with each department or agency.</p> <p>Provided guidance and direction leading up to the Regulatory Improvement Plans.</p> <p>Plans received from all departments and agencies.</p>
<p>5. Developed accountability measurement framework for qualitative improvements in regulatory processes.</p>	<p>Internal consultations were held on the development of framework.</p> <p>A draft framework was commenced and will be finalized in 2010-11.</p>

Moving Forward

2010-2011 Objective, Measure and Indicators

In the upcoming year, the department will continue to build on the success achieved in regulatory reform. The Department will continue to focus on improving the regulatory environment in Newfoundland and Labrador by maintaining a target of no net growth in requirements and a regulatory impact analysis of all new legislation and policies. In addition to reducing requirements, the steps being taken are fostering greater innovation and efficiency in the way the Provincial Government operates, delivers services, and interacts with the public. Regulatory reform includes streamlined processes, improvements to regulations, increased access to e-government and online services, less paperwork, and more efficient service to clients and the public.

We will continue to monitor the target of a 0% increase in regulatory requirements. The Department will take a leadership role in supporting the enhancement of departmental capacity for improvements to the Regulatory Impact Analysis Process. Work will continue to identify priority areas for regulatory review raised by the public and to further develop a framework for measuring qualitative improvements in the regulatory process. Monitoring and reporting on progress, improvements, and concerns raised in relation to Regulatory Reform will be an important ongoing commitment. A commitment to transparency and accountability is important as this initiative has sparked a heightened awareness and appreciation within government of the impacts that the regulatory burden can have on citizens and businesses.

The objective for Goal 3 (outlined in the 2008-11 Business Plan) for 2010-11 is provided below. As well, the indicators below were developed based upon our progress to date and plans for the coming year toward achievement of this goal.

Objective 3.3 **By March 31, 2011, the Department of Business will have led the continued improvement of the regulatory environment across government.**

Measure: **Led continued improvement.**

Indicators: **Completion of the development of the accountability measurement framework.**

Continued monitoring and monthly reporting of progress on regulatory improvement plans.

Continued review of regulatory concerns raised by the public.

Continued monitoring for adherence to government's zero growth principle.

Regulatory Impact Analysis training module offered at Center for Learning and Development.

Other Highlights and Accomplishments

Air Access Strategy

During 2009-10, the Department of Business completed significant work on the development of an Air Access strategy for the province. The Speech from the Throne and the Budget Speech of March 2010 announced pending release of strategy in 2010-11 along with a \$1 million Budget allocation for year 1 implementation. The strategy, which was developed in collaboration with partners, provides a coordinated framework for improving air access in the province, with balanced and realistic measures that address air access needs from a province-wide perspective. It will build on our existing foundation to put the province in a better position to foster and accelerate air access development.

Aerospace and Defence Development

There is a growing network of innovative companies and organizations in our province that are active in a range of unique, advanced aerospace and defence related activities that extend to global markets. They are engaged in research and development, and a variety of products, services and activities, including manufacturing and assembly of aircraft components; maintenance, repair and overhaul; navigation and communications systems; aircraft modification; oceans-related defence technology; and flight training.

The Department of Business was instrumental in reaching an Industrial Benefits Agreement in October 2009. At that time, the Government of Newfoundland and Labrador announced an agreement to acquire four new Bombardier waterbomber aircraft. Through a related agreement, Bombardier has committed to deliver industrial benefits, including awarding contracts, to Newfoundland and Labrador. The commitment also includes contributing to initiatives that facilitate capacity building in the province's aerospace and defence industry and providing grants to post-secondary institutions in support of targeted training or educational programs related to aerospace and defence.

The Department also continued to develop a close collaboration with education, industry, other sector players and particularly the Aerospace and Defence Industry Association of Newfoundland and Labrador (ADIANL). Work is underway with ADIANL to develop a solid understanding of the industry in Newfoundland and Labrador, emerging global markets and the various regional and national aerospace and defence strategies identifying potential opportunities relevant to Newfoundland and Labrador.

National advertising campaign

In 2010, an ad campaign was published nationally in the Globe and Mail, as well as Atlantic Business. The series, which ran for the month of March, endorsed Newfoundland and Labrador as *the* best place to do business in Canada.

The ads focused on our core strengths; a loyal and motivated workforce; world-renowned education system; technologically advanced research facilities, and a productive economy leading the country in economic growth.

The campaign successfully built awareness and altered perceptions of Newfoundland and Labrador as *the* place to live, work and invest. The ads encouraged a renewed vision of the province as a modern, creative and prosperous environment where business thrives.



Simply the best.

Memorial University's Students in Free Enterprise (SIFE) teams have been Canadian National Champions four years running. Not to mention World Champions in 2008.

Photo courtesy of Ian Vetcher.

If you're striving to achieve something great with your business, look no further than Newfoundland and Labrador. We specialize in producing high achievers. Our people are some of the most creative, loyal and hardworking in the country. In fact, we have some of the lowest employee turnover rates and highest labour productivity rates in Canada. Maybe that's why we're expecting the highest growth in capital investment in the country this year, at 23 percent. Add to that our enviable lifestyle, rich culture and colourful history, and you've got a pool of talent that will achieve great things.

www.nlbusiness.ca

**Newfoundland
Labrador**

it's happening here.

Opportunities and Challenges

Opportunities

Newfoundland Labrador Economy

Newfoundland and Labrador, like the rest of the world, has felt the effects of the recent global recession. However, we have remained far better positioned to weather it than many other jurisdictions internationally and here in Canada. Newfoundland and Labrador is set to resume growth in 2010 and confidence in our economy is soaring once again. Real GDP is forecast to increase 4 % in 2010 with an anticipated rebound in mineral exports and increased construction activity on major projects.

Consumer confidence in this province is the highest in the Atlantic region. Incomes are growing and housing starts are rising. As well, Newfoundland and Labrador recorded the strongest increase in retail sales among all provinces in 2009, and another 5% growth is projected this year.

Business confidence is also very strong. According to the Canadian Federation of Independent Business' latest Business Barometer, even though on a national scale optimism has fallen, the level of business confidence in Newfoundland and Labrador is the second highest in the country and well above the Canadian average. The survey showed that 98% of firms in this province rate the overall state of business here as either satisfactory or good.

“Our government’s initiatives are creating the right environment in Newfoundland and Labrador to attract investment from abroad and develop business, which is expanding our economic base, generating valuable employment and business opportunities, and contributing to economic diversification, growth and prosperity that benefits future generations. We will seize new opportunities and continue to position Newfoundland and Labrador as a choice location in which to invest, work and live.”

Minister Ross Wiseman

Source: News Release May 11, 2010

More and more businesses are recognizing that Newfoundland and Labrador is an attractive place to be. Capital investment growth is poised to lead the country this year at a projected 23 per cent. This will be spurred by industrial activity throughout the province.

Business Investment

In support of business investment, this year's budget has committed \$29 million under the Business Attraction Fund to enhance the province's ability to compete for and attract new national and international business investment. An additional \$1million is allocated as part of a two-year \$3 million commitment for the renewal of the Oil and Gas Manufacturing and Services Export Development Fund, which assists companies in the province's oil and gas supply sector to diversify their markets and take advantage of new export opportunities. A further \$2 million is available this year under the Aerospace and Defence Development Fund, designed to support the growth of this industry in Newfoundland and Labrador. These commitments will provide opportunity for enhanced business attraction into the province during the upcoming fiscal year.

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.



Grand Bank based Dynamic Air Shelters Ltd., a manufacturer and exporter of specialized inflatable shelters for use primarily in the oil and gas industry.

Investment Attraction Strategy

This multi-year plan will be designed to provide coordinated, strategic oversight of activities and initiatives throughout the Provincial Government that support the attraction of new investment to the province across a number of sectors. It will also identify actions aimed at building a more competitive business environment that encourages inward investment, achieving a highly-educated and skilled workforce in the province, increasing promotion of Newfoundland and Labrador as an investment destination, and strengthening cooperation with the business community and other partners.

Air Access Strategy

In this province, air access is a complex, high profile issue with a wide range of stakeholders, including the general public, who are quite interested in any mention of improvements to air travel. As well, the airline industry and business climate are constantly changing and, therefore, subject to inherent vulnerability. There is a high degree of competition from other jurisdictions seeking to improve air access for their respective regions.

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. An air access strategy will guide the direction and approach it will take to improve air access in the province and provide opportunities for tourism; commerce; trade and investment; our overall economic competitiveness and quality of life.

Challenges

The Global Economy

Newfoundland and Labrador has not been unscathed by the effects of the major economic recession that hit the world hard in 2008-2009. However, while some industry sectors have faced significant challenges over the past year (e.g. mining, forestry, fishery), the province's economic and fiscal conditions are generally stable, which augurs well for our business and investment climate.

The impacts of the global recession on places outside Newfoundland and Labrador (e.g. Ontario, Alberta, U.S., etc) do appear to be easing, but have been severe. This has a definite effect on Newfoundland and Labrador's ability to attract investment at this time, with fewer adequately capitalized companies in growth-mode and looking for expansion opportunities.

Appendix A

Department of Business Report on Program Expenditures and Revenues Consolidated Revenue Fund For the Year Ended 31 March 2010

(Unaudited)

To be updated

		Actual	Estimates	
			Amended	Original
1.1.01	Minister's Office	431,907	496,800	431,800
1.2.01	Executive Support	447,090	1,023,500	1,085,500
1.2.02	Strategic Planning and Communications	1,717,734	2,614,500	2,545,000
2.1.01	Business Attraction	1,319,622	2,670,400	2,742,900
2.1.02	Special Initiatives – Investment Attraction	1,772,070	7,500,000	7,500,000
2.1.03	Business Attraction Fund	1,448,000	25,000,000	25,000,000
Total Department		7,136,423	39,305,200	39,305,200

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

Appendix B

2009-10 Accomplishments at a Glance

Focus Area	Major Accomplishments
Business Investment	<p>The Department approved eight new business proposals. These proposals are expected to create up to 270 direct jobs, generate indirect employment, create business activity for local companies, and diversify our economic base.</p> <p>Marketing activities were aligned with business investment activities and focus areas.</p> <p>The Department monitored and supported the new ADDF</p> <p>The OGEDF allocation of \$1.5 million was fully expended. The program, which was due to expire March 2010, was extended for an additional two years.</p> <p>The Department played an instrumental role in negotiating industrial benefits with Bombardier.</p>
Business Leadership	<p>The Department completed development of the government-wide Air Access Strategy.</p> <p>The Department continued to provide leadership for investment into the province. This leadership was provided across government departments, to various local industries and internationally in specific sectors.</p> <p>The draft Investment Attraction Strategy was completed.</p> <p>The Department led an interdepartmental brand development committee which was established to advance brand development and facilitate information sharing across departments.</p>
Regulatory Reform	<p>Regulatory Reform was implemented as a permanent function of the Department with future emphasis to be placed on qualitative improvements.</p> <p>1 to 1 (removal / replacement) principle was followed, and 0% increase in regulatory requirements was maintained</p> <p>A training program was developed of all government employees involved in the development of policies and regulations. The program will be offered through Government's Center for Learning and Development.</p> <p>Successful implementation of Regulatory Reform resulted in positive recognition by the CFIB ranking Newfoundland and Labrador among the top three provinces.</p>

To obtain a copy of this report:

Online www.gov.nl.ca/business

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Reference Period This report covers the period April 1, 2009 through March 31, 2010, the fiscal year of the Government of Newfoundland and Labrador.

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Government of Newfoundland and Labrador

Cover photo: Rolls-Royce Marine has opened a new commercial marine service centre in Mount Pearl, providing state-of-the-art repair and overhaul expertise for marine customers in the Atlantic Provinces and beyond.

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