

2011  
2012

annual report



**our roots run deep**

  
**Newfoundland  
Labrador**

Innovation, Business and Rural Development

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# MESSAGE

From the Honourable Minister of Innovation, Business and Rural Development  
Keith Hutchings



As the Minister responsible for the Department of Innovation, Business and Rural Development, I am pleased to submit the annual report for fiscal year 2011-12, (ending March 31, 2012). It is submitted in accordance with the Department's obligation as a Category 1 entity under the *Transparency and Accountability Act*. It was prepared under my direction and I am accountable for the results reported herein.

The formation of the Department of Innovation, Business and Rural Development is leveraging the strengths of its predecessor departments - the Department of Innovation, Trade and Rural Development and the Department of Business. Through its targeted suite of programs and services the Department is continuing to make strategic investments in a wide range of industries throughout the province. It is an approach that is creating results and is supporting a more diversified economy.

As reflected by this year's theme of the annual report - Our Roots Run Deep - my Department is deeply rooted in community and business development. We have a presence throughout Newfoundland and Labrador and the department's staff is deeply engaged with communities, businesses, and key stakeholders in building stronger regions.

Our role is to help nurture and grow key infrastructure in communities and regions that ultimately sprout new business developments. We are committed to strengthening the province's business climate, whether it is supporting businesses from the start-up stage through full commercialization and market development.

A key element of our business and economic development agenda is engaging youth. We view the value of increasing youth participation in the province's business community as vital to the long-term success of Newfoundland and Labrador. Through initiatives like the Youth Innovation and Young Entrepreneurs and Innovators Programs we are creating an economic future with exciting possibilities and an environment where youth will want to build careers and business ventures.

Going forward, the Department will continue its collaborative approach to social, economic, and business development. Strong partnerships between government, academia, industry, and many passionate and driven individuals will remain an important component of our mission.

I would like to acknowledge the hard work and dedication of the many employees of the Department of Innovation, Business and Rural Development. They are on the ground working tirelessly with clients to stimulate economic and business development, creating a better more prosperous Newfoundland and Labrador.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keith Hutchings', written in a cursive style.

Keith Hutchings, Minister  
MHA, Ferryland  
Department of Innovation, Business and Rural Development



## DEPARTMENTAL OVERVIEW

### Vision

The vision of the Department of Innovation, Business and Rural Development (IBRD) is of a vibrant, diverse, and sustainable economy with productive and prosperous regions throughout the province.

### Mission

By March 31, 2017, the Department of Innovation, Business and Rural Development will have stimulated economic and business development to foster regional and provincial prosperity.

### Mandate

The mandate of the Department of Innovation, Business and Rural Development is to lead:

- (a) the creation and maintenance of a competitive economic environment that encourages and supports private sector business growth and long-term sustainable employment opportunities for the people of the province;
- (b) the diversification of the economy on a provincial and regional basis, with particular attention to rural areas;
- (c) the promotion and encouragement of increased trade and export of goods and services by provincial industries and businesses in the national and international marketplace;
- (d) the creation of a climate conducive to innovation in business through the facilitation of research and development, technology transfer and technology commercialization within provincial industries and individual business enterprises;
- (e) the provision of business information, counseling, and financial support programs and services to small and medium-sized enterprises including: private businesses, co-operatives, credit unions, and community development corporations to stimulate economic and employment development within the province;
- (f) promoting the value of an enterprise culture and encouraging economic self-reliance throughout the province;
- (g) the negotiation and administration of comprehensive federal/provincial economic development co-operation agreements and other forms of collaboration; and
- (h) a strategic approach to growth of the ocean technology cluster in Newfoundland and Labrador.



## Values

At IBRD every person supports the values of respect, creativity, service excellence, collaboration, communication, and leadership.



## Lines of Business

The four lines of business of IBRD are: Small and Medium-sized Enterprise (SME) Development; Regional Development; Innovation; and Trade and Investment.

## Branch Structure

Regional Development; Innovation and Strategic Industries; Trade and Investment; Business Analysis; and Ocean Technology.

## IBRD Employees

There are 219 employees in the Department comprising of 113 females and 106 males. The federal-provincial Canada Business Newfoundland and Labrador has six employees with five female employees and one male employee.



## HIGHLIGHTS AND ACCOMPLISHMENTS

The Department of Innovation, Business and Rural Development stimulates economic and business development in Newfoundland and Labrador (the province) by supporting communities, businesses, and industry partners. This collaborative spirit has been crucial in driving new economic activity and sector development initiatives. The emergence of new sectors creates new business development opportunities for Newfoundlanders and Labradorians and contributes to the social development of the regions, thus building sustainable communities throughout the province.

### Trade and Investment

Located on Canada's east coast, the province is ideally positioned to do business with markets around the world. Whether it is oil and gas, green energy, or the internationally recognized ocean technology and life sciences sectors, the province has much to offer. In 2010, the value of the province's exports was close to \$10 billion; in 2011 it was \$12 billion.

In today's shifting economic landscape jurisdictions have come together to develop mutually-beneficial partnerships and have diversified their key markets to avoid reliance on a single market. The province has formed strategic partnerships with regional groupings such as the southeastern United States, New England, Iceland, and Ireland. It is also targeting new opportunities in Brazil and India and is participating with the Federal and other Provincial/Territorial Governments in the negotiation of new international trade agreements, including India and the European Union. These international partnerships have made it easier for businesses to target new opportunities which contribute to business expansion and the creation of employment opportunities.

The Trade and Investment Branch facilitates improvements to the province's access to international markets and each of the Branch's five Divisions has a specific role to play. The Division of Trade Policy and Logistics reviews and analyzes those ongoing provincial, national, and international trade and logistical policies that impact on the competitiveness of provincial



businesses operating within the province and in other parts of the world. This division coordinates the province's participation in the Federal Government's Atlantic Gateway, and works to improve transportation linkages to facilitate the movement of goods to and from the province. Through the implementation of the *Air Access Strategy*, the Air Access Division works to improve the province's air passenger and cargo connections to other cities, nationally and internationally. The Marketing and Enterprise Outreach Division promotes IBRD programs and activities locally and supports IBRD's international marketing and promotion efforts. The Trade and Export Development Division works with the province's companies and sectors to increase the volume and value of exports to international markets. It identifies, promotes, and capitalizes on international business and economic development opportunities for the province. The Investment Attraction Division pursues new investment opportunities and responds to those initiated by clients. It works to identify competitive advantages for the purpose of attracting inward investment. It identifies global and regional opportunities, and proactively promotes the competitive advantages of the province in emerging markets and sectors to attract national and foreign direct investment.

IBRD is partnering with stakeholders on a pan-Atlantic basis to actively explore opportunities and pursue prospective business in high-growth markets such as Brazil, India, and China. Market research continues to identify the most advantageous opportunities for the province and the best approach to facilitate success in these markets for the province's business community. In 2011-12, IBRD conducted significant outreach utilizing comprehensive market opportunity assessments for India, Brazil, and China. As a result, interest in these markets has increased and a number of successful in-market activities have been undertaken. Mining in particular has been identified as an area of opportunity for investment attraction in China and collaborative efforts with the Provincial Department of Natural Resources are underway to promote the province and the sector there.

The Trade and Investment Branch has been working very closely with the Newfoundland and Labrador Organization for Women Entrepreneurs (NLOWE) to increase the exports of women-owned businesses in the province by utilizing supplier diversity channels in the United States. Through the formation of a business network, the branch is supporting the development of export capacity through a variety of capacity building and market entry initiatives.

There were several highlights in the marketing efforts tied to investment attraction activities in 2011-12. Several major marketing activities were executed including new sales support collateral and the release and distribution of a newly produced two-minute promotional video. All initiatives feature inspiring images and prose highlighting potential sectors for investment attraction and the exceptional quality of life in the province. These materials are available for distribution to other departments and stakeholders for use in their marketing and communication efforts aimed at promoting the province.

Investment in transportation infrastructure is a crucial economic driver. Roads, seaports and airports are platforms for facilitating international business and linking people with each other and the world. Working with public and private partners IBRD supports a range of infrastructure initiatives throughout the province that help communities strengthen their existing economic base and advance opportunities in new areas.

The province is a partner in the Atlantic Gateway and has made several advancements during fiscal year 2011-12. An Atlantic Gateway International Marketing Plan was developed to identify activities designed to market the strategic assets and capabilities of the Atlantic Gateway and increase transportation connections to the Atlantic Region. To support this regional plan, \$2.5 million in funds was announced by the Provincial Government. Funding has been finalized and work has started on three Atlantic Gateway projects in the province. Early work has begun and will continue into 2012 for the category III instrument landing system for the St. John's International Airport; plans were finalized to expand SmartBay, a state of the art marine traffic management system; and construction on the Gander International Airport runway upgrade and expansion will commence soon.

## Innovation

Innovation remains essential to economic prosperity in all regions and is a fundamental component in advancing the province's business and economic development. Through *Innovation Newfoundland and Labrador: A Blueprint for Prosperity* (Innovation Strategy) small businesses and not-for-profit organizations have received investments that have supported their ability to innovate, increase export activity and enhance their competitiveness. Eastern Canada's largest ocean observation project, SmartBay, in Placentia Bay, was aided in its development. The Research & Development Corporation was established





within the Provincial Government and the \$29 million Craig L. Dobbin Genetics Research Centre at Memorial University of Newfoundland is in the process of being built.

In fiscal year 2011-12, IBRD launched new and revised innovation programs with a total budget of \$3 million. Those programs include the Technology Utilization Program, Innovate and Demonstrate Program, Commercialization Program, Global Travel Program, Innovation Enhancement Program and Youth Innovation Program. Through expanded programs under the Innovation Strategy IBRD is stimulating innovation-related activities in all regions, supporting new opportunities, and helping businesses improve their operational efficiencies.

The new Technology Utilization Program enables businesses to utilize technology to become energy efficient and reduce emissions. It assists Small and Medium Enterprises (SMEs) with established products and/or services by increasing their technology capacity to improve business processes, product quality, efficiency, and competitiveness.

The new Innovate and Demonstrate Program assists businesses to determine whether the public sector could be an appropriate market for their early-stage innovative products, services, or technologies.

Recognizing that broadband access is essential, IBRD

led the Rural Broadband Initiative (RBI) that focused on improving broadband access in all regions of the province. Broadband is a bridge that connects rural communities to the same opportunities available in larger and urban centres. Through the RBI, IBRD is supporting the creation of that linkage, providing those living in rural areas with access to educational, commercial, and social outlets. Efforts have resulted in the availability of broadband access in more communities, thereby reaching a higher percentage of the province's population.

### Ocean Technology

The province's ocean technology sector has expanded and is now internationally recognized as a centre of excellence. IBRD's investments under the five year Ocean Technology Strategy, *Oceans of Opportunity* focused on accelerating the sector's growth and positioning the province as the leader in new technologies for exploration and development in harsh environments. IBRD provided the necessary support mechanisms from the early stages through to product commercialization, as well as in the advancement of strategic initiatives leading to greater research and consequential new business opportunities for ocean technology firms.

Sustained partnerships with industry, as well as with educational and research institutions, have furthered



this sector. Within the newly formed Department of Innovation, Business and Rural Development, a new Ocean Technology Branch has been created. The new branch is responsible for supporting the growth of the ocean technology cluster within the province and advancing the Arctic Opportunities Initiative. The programs associated with the Ocean Technology Strategy

assessing applications for funding assistance.

Financial investments were committed by IBRD to support business as well as community development in all regions of Newfoundland and Labrador. For example, IBRD approved \$102,388 under the Regional/Sectoral Diversification Fund for the Canadian Parks and



are now delivered through this branch. The branch undertook a market opportunity analysis in 2011-12 which provided valuable insights into the current state of branding of the province's ocean technology cluster. A second phase of analysis, consisting of a marketing and promotion strategy, is planned for fiscal year 2012-13.

### Regional Economic Development

The Regional Development Branch plays a key role in economic development initiative identification, planning, proposal assistance, and implementation throughout the province. Staff regularly assists with the facilitation of planning sessions among key stakeholders, in addition to

Wilderness Society to partner with various stakeholders to coordinate and facilitate the sustainable geotourism product development process that will culminate in a National Geographic Geotourism Map Guide for Eastern Newfoundland.

The Workplace Skills Enhancement Program (WSEP) is used by IBRD to assist clients with their strategic growth needs. It is designed to encourage Newfoundland and Labrador's business community to invest in their human capital. WSEP provided assistance to companies and individuals to improve their skill-sets, thereby helping employers to perform better on the national and international stage. Twenty-one WSEP initiatives

were industry led, including two projects organized by Canadian Manufacturers and Exporters, which helped 15 companies and many employees gain strength in lean manufacturing.

In addition to delivering an extensive suite of funding programs, IBRD staff also provided soft services to

or community economic development organizations to conduct BR&E interviews and processes. Similar to this, when introduced in this province projects, were implemented using volunteers and community organizations as interviewers. As BR&E evolved, IBRD adopted it as a formal approach to business counseling. In 2010, IBRD designated five BR&E coordinators and



its clients such as information, advice, research, and guidance. Staff received regular inquiries from individuals interested in starting or expanding a small business or working for themselves. After discussions about the type of business clients hoped to start, they were provided with contacts and website information for resources such as the Canada Revenue Agency, the Workplace Health, Safety and Compensation Committee, and the Canadian Business Service Centres. In addition to these general sources of information, staff provided tailored responses to the clients with specific industry information.

**Business Retention and Expansion (BR&E):** Most BR&E approaches that are used internationally need volunteers

an analyst to implement a new BR&E approach. The evolving BR&E approach included a new interview guide that encouraged proactive business counseling and a follow-up guide document. Departmental staff approached existing businesses to go through the interview process so they could help clients identify barriers and provide long-term aftercare. The process involved interviewing businesses using a BR&E diagnostic assessment tool to uncover issues, then developing a follow-up guide for the client that would identify possible alternatives and recommendations. IBRD staff provided financing recommendations, and assisted clients in making connections to various programs, resources, and information that could prove useful to them. The BR&E



process ensures regular monitoring and follow-up with clients to provide long-term aftercare, geared towards retention and growth.

In 2011-12, through BR&E, 80 interviews were completed and 27 follow-up action plans were provided. This was in addition to providing aftercare on the 50 action plans since 2010. Since October 2011, pilot initiatives have been developed to test adjustments in regular BR&E Community Economic Development processes. For example, IBRD is working with multiple partners to implement a two phase tourism industry pilot program in the central region of the province that includes the identification of 20 operators to complete the BR&E process. A specific Market Readiness process will be designed for tourism operators as phase two. Such pilot initiatives highlight working with sector/industry organizations to identify barriers.

### Business Analysis

The Business Analysis Branch is responsible for assessing

and providing recommendations on projects under various key funding programs. It collaborates with various departments within the Provincial Government such as Environment and Conservation, Justice, Finance, Natural Resources, Tourism, Culture and Recreation, and Fisheries and Aquaculture on a daily basis. Some of the programs the Department administers were reviewed by the branch and recommendations were made to suggest changes in programming in order to better serve existing clients, and to broaden the range of clients.

The branch reviewed the Fisheries Loan Guarantee Program (FLGP) and recommended significant enhancements in conjunction with various stakeholders such as chartered banks, the Newfoundland and Labrador Credit Union, the Superintendent of Credit Unions, representatives of the Fish, Food, and Allied Workers, and the Departments of Fisheries and Aquaculture, Finance, and Justice. The branch also undertook significant analysis of the current industry and economic climate for contact



centres. During fiscal year 2011-12 the Economic Diversification and Growth Enterprises (EDGE) Program underwent a program evaluation. A report has been received, recommendations have been analyzed, and changes that include improvements and enhancements to the program will be recommended to the EDGE board during fiscal year 2012-13. The branch also began a review of the SME Program. Information is currently being gathered and analyzed for consideration.

The Business Analysis Branch worked with Canada Fluorspar (NL) Limited (previously Burin Minerals) to reactivate the fluorspar mine in St. Lawrence. It has also been working with the business community as well as other governments on options regarding venture capital funding to address a gap in capital for many knowledge-based companies. The branch engaged an external consultant to review the province's existing requirement for venture capital funding and there was significant collaboration and consultation with stakeholders undertaken to develop options. During this process, the Department held discussions with Atlantic Canada Venture Gateway, the Genesis Centre, GrowthWorks,

the Newfoundland and Labrador Angel Network, entrepreneurs, other provincial governments, and officials from the Federal Government.

Under the various funding programs of IBRD, numerous projects were assessed by the Business Analysis Branch and later approved during the year. The Air Access Development Fund had seven deals approved totaling \$1.28 million; the Oil & Gas Manufacturing & Service Export Development Fund had two deals approved totaling \$1 million; the Aerospace & Defence Development Fund had one deal approved for \$500,000; the Business Attraction Fund (BAF) had one deal approved for \$250,000; the SME Fund had eight deals approved totaling \$2.16 million. The FLGP had four guarantees approved and the EDGE Program had three companies recommended by the EDGE board to receive EDGE status.

The branch also conducts financial analysis/advisory services of funding proposals/projects on behalf of the Department of Fisheries & Aquaculture (DFA) for the Aquaculture Capital Equity Investment Program and other funding requests/projects as required.



## Youth

As industry sectors expand and new business prospects emerge, IBRD is providing youth with exposure to opportunities to expand their ability to gain the knowledge and practical experience needed to succeed as entrepreneurs. By helping advance the vision of youth, the Provincial Government of Newfoundland and Labrador (Government) is creating the possibilities and environment where youth can build careers and explore business ventures. Industries such as ocean technology, life sciences, advanced manufacturing, and aquaculture offer increasing career prospects for young people today. IBRD works with its partner organizations to advance initiatives for youth through its Young Entrepreneurs and Innovators Program (YEIP), which supports the advancement of entrepreneurship and innovation among youth, and Youth Innovation. In fiscal year 2011-12, through YEIP, IBRD approved 43 projects throughout the province to support individuals up to age 35, youth-led ventures, and not-for-profit organizations with

youth-oriented projects, and reached over 2,500 youth. IBRD also provided financial incentive to 29 projects, totaling \$510,518, through the Youth Innovation call for proposals.

## Supplier Diversity Initiatives

Over 80 per cent of multinational corporations require supplier diversity and request supplier diversity efforts from their tier one and tier two suppliers, yet less than five per cent of corporate spending in any country is known to go to women-owned businesses or minority businesses. IBRD's goal is to close this gap and help Newfoundland and Labrador women in business join the supply chain.

### Women-led businesses:

Growth in Newfoundland and Labrador is leading to rewarding opportunities for local businesses. To help support women entrepreneurs and encourage young women to pursue careers in business, IBRD's partnership



with the Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE) aims at linking companies with specific opportunities. It is a venture that will help bolster the province's economy and strengthen its workforce. Through its relationship with IBRD, NLOWE will be able to better target the training needs of women entrepreneurs as they seek to become involved in the growth industries in this province, particularly oil and gas.

In 2011, IBRD provided an investment of \$320,000 (\$160,000 in 2011-12 and \$160,000 in 2012-13) to NLOWE for the development and delivery of *Business Connections*, a program designed to assist women business owners interested in growing their businesses. Developed and delivered by NLOWE in partnership with IBRD, *Business Connections* targets women business owners who are currently (or potentially) selling business-to-business (B2B) and are considering expansion/growth through supplier diversity initiatives and entering the global supply chain. The program helps women business owners evaluate the growth potential of their business,

provides training modules on 10 topics associated with B2B selling, and assists in the development of a strategy to put a growth plan into action. IBRD staff assisted during the development of module content as well as during the information sessions.

During fiscal year 2011-12, NLOWE held nine information sessions throughout the province, in St. John's, Bay Roberts, Grand Falls-Windsor, and Corner Brook and via webinar, attracting 229 interested participants. From these sessions, 32 women have signed up to participate in the training and are currently completing the sessions. More information sessions are scheduled for 2012-13, which will engage more participants. The goal is to increase the business skills of women so that they can partner with and sell to other businesses that in turn supply a variety of products and services to growth industries, thereby becoming a more integral part of their own supply chains and the province's economy.





**Women Business Owners (WBO) Business Network:**

IBRD's Trade and Investment Branch has been working very closely with NLOWE since 2009 on supplier diversity opportunities. NLOWE, with IBRD's help, has formed a Women Business Owners Business Network. This network is ongoing and has been developing the capacity of women business owners through a variety of initiatives. IBRD has approved three Business Network applications during the last three fiscal years and continues to work closely with NLOWE to develop the network further.

**The Business Network's objectives are to:**

- educate women business owners on the export opportunities available in the global market through large corporations and public sector organizations as a result of supplier diversification initiatives;
- increase women business owners' knowledge and understanding of the buying process utilized by large corporations and public sector organizations;
- increase women business owners' knowledge and understanding of the certification process available through WEConnect Canada;
- facilitate face-to-face meetings between women business owners and potential international buyers; and
- support the development of a peer mentoring network for women business owners that is focused on export development.

The WBO Network has members throughout the province interested in exporting their products/services nationally and internationally to global corporations and public sector organizations. The network leverages opportunities for export, skills development, and capability enhancement, and increases competitiveness and confidence in competing on the world stage. NLOWE is a partner with the WEConnect organization, which provides international certification for women-owned business. Their annual conference provides training to women-owned businesses on the certification process, gives workshops on how to sell to large corporations and government offices, and provides opportunities for participants to meet with buyers from large corporations and other certified WBOs. IBRD has supported NLOWE's and the WBO Business Network's participation in the WEConnect Canada conferences in Toronto in 2009, 2010, and 2011.

IBRD has also developed relationships with the two regional partner organizations in the southeast United States. By partnering with other women-owned business in these networks provincial companies are gaining access to the United States corporate supply chain. There have been many events targeted at WBOs interested in certification, trade training, and doing business abroad. Other organisations also have a very robust offering of training seminars, trade missions, and information sessions for them. IBRD and NLOWE works with these WBOs to educate companies about supplier diversity



certifications and the opportunities available to them upon certification.

#### Aboriginal Opportunities:

IBRD has developed a relationship with the Canadian Aboriginal & Minority Supplier Council and staff members attended the National Minority Supplier Development Council Conference and Opportunity Fair in Atlanta Georgia in October 2011. Participants have expressed great interest in working with IBRD to educate companies on the certification process and those opportunities that may be available upon certification.

#### Air Access Strategy

In accordance with the *Air Access Strategy*, a Provincial Air Access Advisory Committee was appointed and its terms of reference and activity plan were developed and approved.

IBRD staff participated in a number of air access related shows, conferences, and meetings to develop business networks, to support provincial airport communities in their endeavours to attract new or retain existing air carriers, and to enhance *Air Access Strategy* awareness. IBRD also promoted the *Air Access Strategy* and its programs at the Hospitality Newfoundland and Labrador 2012 conference. As a result of these efforts, interest in the *Air Access Strategy* and its programs has increased. As well, the profile of the *Air Access Strategy* has been raised on provincial and national levels from both industry and jurisdictional governance perspectives. The feedback regarding the *Air Access Strategy* and its programs from airport communities, air carriers, and other jurisdictions has been very positive.

#### Economic Opportunities in the Green Economy

The Department commissioned, in partnership with the Office of Climate Change, Energy Efficiency and Emissions Trading, an analysis of the economic development opportunities associated with the green economy in Newfoundland and Labrador. The report indicated there are a wide range of potential green economy opportunities that can generate significant economic impacts in the coming decade. The Department has also completed a plan to develop a "road map" website which will help clients identify and navigate existing green programs and services, improve their energy efficiency, reduce greenhouse gas emissions, and take advantage of green business opportunities.

#### Service Excellence

Service excellence is one of the core values.

"At IBRD we are proud of the work we do and we are committed to providing the highest level of service delivery. We believe that being truly accountable to our clients and the public means aiming for service excellence. Thus we strive to be experts in our field. Through our own continuous learning and development, we aim to provide consistently accurate information and relevant advice to our clients. We understand that serving our clients well means recognizing and understanding clients' risk, capacity and pressures, respecting their confidentiality, and always responding to them in a timely and flexible manner."  
(2011-14 IBRD Strategic Plan)

#### Regional/Trade Liaisons network:

IBRD assisted its export clients through the Regional/Trade Liaisons (RTL) network. In June 2011, IBRD undertook a province-wide consultation with industry that was focused on export development. Amongst other things, this targeted consultation provided meaningful insight into export development issues currently facing companies. To best implement an effective consultation for each region of the province, IBRD's RTL network was utilized as a province-wide vehicle for maximizing company engagement and participation in the consultation process. Specifically, RTLs played a key role in identifying and targeting the right companies for consultation, determining the most appropriate forum(s) for engagement, and actively participating in each consultation session in their respective regions.

As part of the RTL's ongoing aim to develop strong ties in all regions of the province in support of trade development activities, the RTL held a strategic planning session where a list of clients in each region to be approached for export diagnostic, was developed. To date seven diagnostics have taken place and nine export presentations to stakeholders have been facilitated through the RTL in fiscal year 2011-12. Presentation topics included Exporting 101, Supplier Diversity, IBRD Export Programs and Services, Women in Business, Retail Merchandising, Tradeshow Training, and Market-Specific Export Opportunities (Brazil, India, New England, and Ireland). The RTL has also been engaged to deliver information and professional development





sessions in regions throughout the province for Export and Innovation Week.

**Integrated Services:**

The integration of business attraction activities with trade and sector development activities is ongoing. The Department is working towards an integrative trade model for trade and investment related program and service delivery that captures all the elements of international business, including the sale and purchase of goods and services (exporting and importing), Canadian investment abroad, foreign direct investment in Canada, and international science and technology partnerships.

In December 2011, IBRD's Trade and Investment Branch organized a presentation on the Federal Government's *Global Commerce Strategy and Integrative Trade Model*. The Atlantic Region Director and Senior Trade Commissioner for Foreign Affairs and International Trade Canada gave a presentation and facilitated a discussion between federal and provincial trade and investment officials.

In January 2012, the Trade and Investment Branch engaged in a strategic planning session, reflecting on and sharing past and current areas of focus, determining market and sector priorities for trade and investment and areas of complementary activity, and identifying opportunities to reduce overlap. As a result, a joint activity plan for fiscal year 2012-13 was developed that includes integrated trade, investment, and sector development

efforts for future events. A more integrated discussion at IBRD regarding priorities and upcoming activities has resulted in tangible benefits and successful business leads.

**Client Service:**

Client service and service excellence are core values of IBRD. To ensure clients are served efficiently and effectively IBRD has supported and/or coordinated several client-service-related training opportunities for staff during fiscal year 2011-12.

In fiscal year 2011-12, IBRD, in partnership with the Office of the Chief Information Officer, embarked upon a complete overhaul of its Client Information System (CIS) to introduce a new and efficient electronic system that will help staff serve clients better. The new CIS (CS<sup>3</sup>) project is nearing completion and among the many improvements CS<sup>3</sup> will allow staff to better record, track and respond to client inquiries.

Client inquiries and client service standards in general were under review throughout the year as part of the development of accountability frameworks for various programs and services. The consolidation of programs and services, incorporating efficiencies in the processes to provide streamlined service for the convenience of clients, is underway.

## SHARED COMMITMENTS

Collaboration is also a core value of the Department of Innovation, Business and Rural Development.

“At IBRD, collaboration is not only a tool for business; it is at the very centre of how we operate. Engaging in productive collaborations with clients, stakeholders and staff, we believe that our diverse skills create stronger, more productive teams, leading to greater, more sustainable results. As a team, we work to develop close relationships with our clients and build supportive alliances with our partners, because we know we are better together.”  
(2011-14 IBRD Strategic Plan)

IBRD actively pursues partnerships with business, industry, academia, and other levels of government to deliver on its shared commitments. Its collaborative efforts stretch across provincial, regional, and international borders to leverage opportunities for clients and the province. To ensure commitment to Government’s horizontal initiatives IBRD works with other departments in an advisory capacity or on working groups and committees. The Deputy Minister and staff represent the Department on various horizontal committees overseeing the social and economic issues of the province, including the Steering Committee on Climate Change and Energy Efficiency, the Business Continuity Plan Committee, the Human Resources Strategy/Interdepartmental Committee, the Community Adjustment and Stabilization Committee, and the Northern Gateway/Arctic Opportunities Committee. The Deputy Minister and Executive team of IBRD also participate on various committees and boards outside of Government, such as the Harris Centre Advisory Board, the City of St. John’s Strategic Economic Roadmap, and the Board of the Genesis Centre.

### Horizontal Initiatives and Committees

#### Labour Market Development Agreement/Labour Market Agreement:

IBRD provides input into identifying priorities following devolution from Federal Government to Provincial Government and ensures that IBRD’s mandate, client base, and economic development priorities are reflected in the process. IBRD is the lead on developing and implementing workplace based programming for the Labour Market Agreement planning process.

#### Labour Market Review:

IBRD provides input and guidance into the Labour Market Review, ensuring the needs of employers are reflected.

#### Poverty Reduction Strategy (PRS):

IBRD participates in this key initiative of Government and provides support to programs supporting the PRS. IBRD is on the PRS working group and provides direction on the development of the evaluation framework for PRS and prioritization of initiatives for the 2012 budget process. IBRD did not have initiatives funded under PRS in 2011-12.

#### Lower Churchill Hydroelectric Generation Project:

IBRD staff provided reviews and commentary for 69 development projects registered under the Environmental Assessment Process during 2011-12. Staff served as representatives on the Environmental Assessment Committee for the Lower Churchill River Hydro project and made presentations to the Joint Review Panel during public hearings in Happy Valley-Goose Bay. Focal areas for IBRD engagement include supplier development initiatives and Labrador business capabilities, proposed economic development for Labrador, and an economic development strategy for the province, including energy intensive industrial growth opportunities being pursued.

#### Youth Retention and Attraction Strategy:

IBRD continues to support the Youth Retention and Attraction Strategy through representation on the Interdepartmental Working Group and provides valuable input on government-wide youth initiatives.

#### Infrastructure Strategy:

IBRD is active in the infrastructure committee that oversees Government’s Infrastructure Strategy. IBRD provides input into infrastructure projects, particularly those that enable the economic development agenda of Government. Specific projects funded from the Infrastructure Strategy by IBRD include those for St. Anthony Wharf, St. John’s Port Authority, and Atlantic Gateway projects (St. John’s International Airport, Gander International Airport, and SmartBay)

#### Regulatory Reform Initiative:

IBRD has regular dialogue with the Regulatory Reform Office of Service NL to inform them of the processes and initiatives that IBRD undertakes to reduce red tape for the public and streamline service delivery.

#### Northern Strategic Plan:

IBRD has commitments and priorities in the Northern Strategic Plan for Labrador. All the programs and services of IBRD are available to clients in Labrador through its regional office in Labrador.



**Committee on Climate Change, Energy Efficiency and Emissions Trading (CCEEET):**

IBRD staff continues to work with CCEEET on the provincial Climate Change and Energy Efficiency action plans.

**Business Continuity Plan:**

Business Continuity Plans (BCPs) are prepared by all government entities to ensure that Government can continue to deliver essential services in the event of a service disruption or emergency. In 2011-12, IBRD began developing a Business Continuity Program around its existing BCP. This program consisted of the BCP, an assigned staff member responsible for ensuring the BCP is in a continued state of readiness, training, awareness and exercise programs, and an auditing program.

As part of this plan, staff members have been assigned to a variety of committees



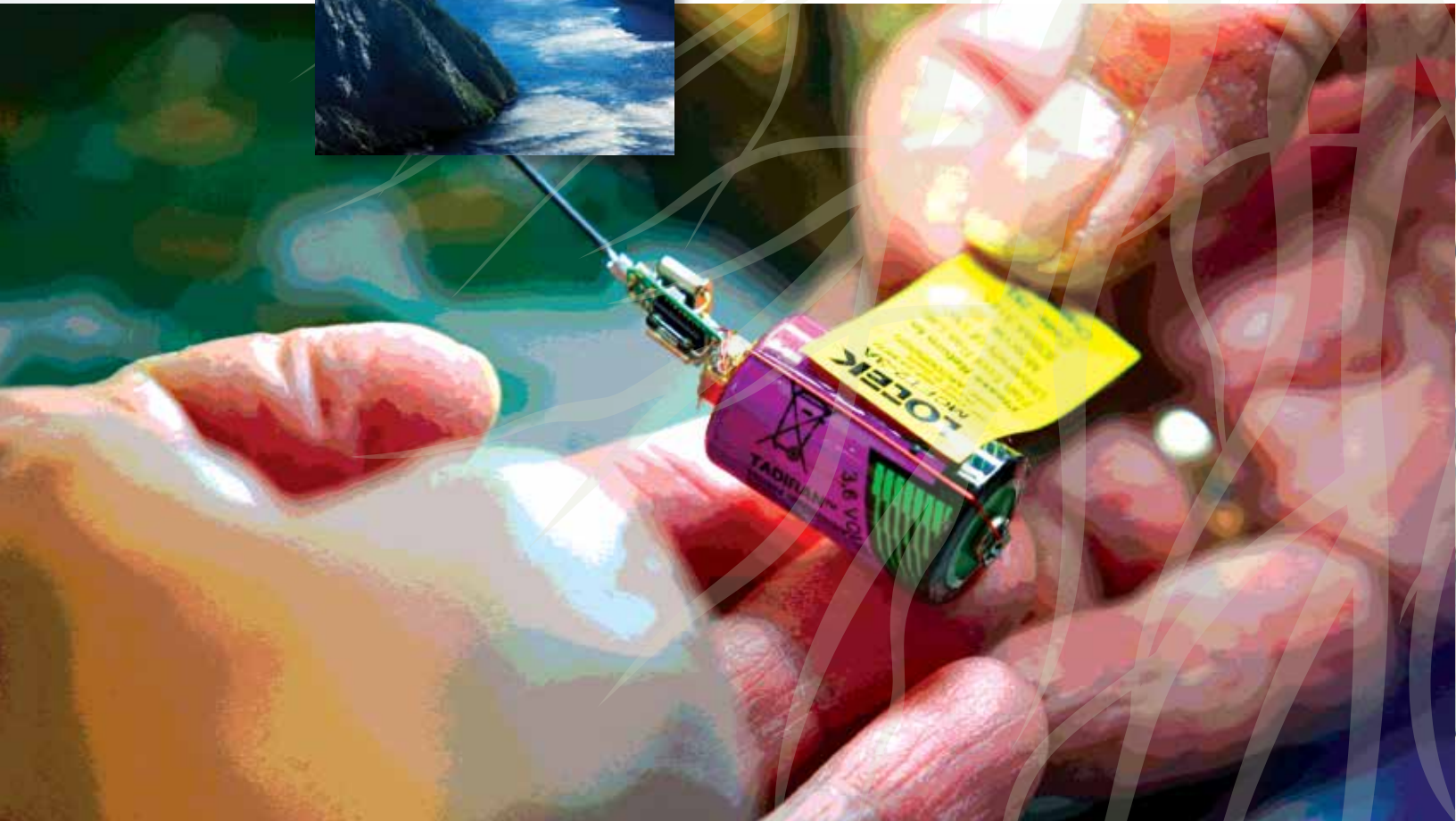
responsible for further development of the plan and for its implementation in an emergency. Training has been conducted for the members of the BCP committees and the Essential Services Recovery Team participated in a government-wide exercise in March 2012.

**The Air Access Advisory Committee:**

The *Air Access Strategy* is a horizontal initiative of Government. Overseeing the *Air Access Strategy* and the approval of proposal funding is within the authority of the Steering Committee of Deputy Ministers, which represents six departments. The Air Access Advisory Committee is a Government appointed private sector committee comprised of eleven (currently nine) representatives from across the province with vested community and industry interests. This committee met twice during fiscal year 2011-12.

**Trade and Investment**

The integrative nature of trade that captures all the elements of international business, including the sale and purchase of goods and services (exporting and



importing), trade policy, Canadian investment abroad, foreign direct investment in Canada, and international science and technology partnerships necessitates formal and informal partnerships and alliances.

**International Partnerships:**

Newfoundland and Labrador is an active member of the South Eastern United States-Canadian Provinces (SEUS-CP) Alliance. This trade-focused partnership provides an annual forum to connect businesses and promote economic development among members with business leaders and trade, investment, and economic development stakeholders playing a central role. Other Alliance members include Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Mississippi, Tennessee, North Carolina, South Carolina, Alabama, and Georgia.

**National and Pan-Atlantic Partnerships:**

The International Business Development Agreement (IBDA) is a \$10 million funding agreement signed between the four Atlantic provinces and the Federal Government, represented by the Atlantic Canada

Opportunities Agency (ACOA), the Department of Foreign Affairs and International Trade, and Industry Canada. Newfoundland and Labrador's commitment to the Agreement is \$500,000 over five years from April 1, 2011 to March 31, 2016. The Agreement funds projects organized on a pan-Atlantic basis that increase the volume and value of exports from the region, and diversify the region's export markets. Management of this agreement is undertaken through a federal/provincial committee comprised of representation from its seven signatories. While management of the fund requires a federal/provincial committee, the development and delivery of projects is organized through sectoral working groups representing the Federal and Provincial Governments and key industry associations. The Provincial Departments of Natural Resources, Tourism, Culture and Recreation, Education, and Fisheries and Aquaculture are represented on these committees along with sector development officers from IBRD.

The Trade and Investment Branch collaborated with provincial colleagues in the three Maritime provinces to deliver on shared commitments to pursue opportunities



in emerging markets. Joint research, intelligence sharing, and in-market activity was undertaken on a pan-Atlantic basis in 2011-12 related to opportunities in Panama, China, India, and Brazil.

The Council of Atlantic Premiers led a joint trade and investment mission to Atlanta, Georgia from February 6 to 8, 2012 to strengthen and enhance trade partnerships between the four Atlantic provinces and Georgia. The Premiers and their delegations took the opportunity to showcase how companies in Atlantic Canada can quickly and efficiently supply companies in Georgia with the goods and services they need, and promoted the attributes and strategies of the Atlantic provinces in relation to their location, entrepreneurial leadership and expertise, skilled labour, and export opportunities.

appointed by the Premier provides advice on economic and policy issues in order to increase business promotion, trade, and development in the province.

The Trade Policy and Logistics Division of IBRD provide analysis and advice regarding domestic and international trade policy issues affecting the competitiveness of provincial companies. This division provides strategic leadership and coordination to the Provincial Government's participation with the Federal and other Provincial/Territorial Governments in the negotiation of international trade agreements, including the current negotiations with India and the European Union. The European Union market is the world's largest



**Provincial Partnerships:**

The Ireland Business Partnerships (IBP) is a private/public partnership between Government and the private sector. Guided by a Memorandum of Understanding between the province and Ireland, an Advisory Board

single market, serving a population of over 500 million with annual economic activity exceeding \$17 trillion. These agreements have the potential to create significant opportunities for Newfoundland and Labrador's workers and businesses.

Working with the Federal Department of Foreign Affairs and International Trade, the division identifies and assists in the resolution of trade barriers and the opening of new markets. By collaborating with key officials in other provincial government departments, the division helps to ensure that the interests of Government and provincial businesses are fully represented in deliberations and negotiations where national or international policies impacting provincial interests are being developed and/or debated. The division also represents the Provincial Government on the Atlantic Gateway Advisory Council and provides strategic advice regarding long-term trade growth for the province, linking transportation infrastructure with projected economic requirements.

Provincial industry associations play a key role in the development and delivery of trade and investment initiatives. The Canadian Manufacturers Exporters, the Newfoundland and Labrador Association of Technology Industries (NATI), the Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE), OceansAdvance, and the Newfoundland and Labrador Ocean Industries Association (NOIA) were all key project partners. The Investment Attraction team continued its collaboration with education, industry, and other sectoral players, particularly the Aerospace and Defense Industry Association of Newfoundland and Labrador (ADIANL). The Department worked with ADIANL to brief association members on the Aerospace and Defense Development Fund (ADDF), reviewed Government support to the association and oversaw the industrial regional benefit commitment made by Bombardier.

The Trade and Investment Branch and the Atlantic Canada Venture Gateway pursue venture capital and angel investment opportunities for Newfoundland and Labrador firms in New England. The Department's strategic connections in the region and an alliance with the New England-Canada Business Council facilitated venture capital engagements for five Newfoundland and Labrador firms in fiscal year 2011-12.

## Innovation

IBRD worked with Internet Service Providers under the Rural Broadband Initiative to facilitate new investments in the province's broadband infrastructure. The intent was to improve the business case for telecommunication carriers and Internet Service Providers to expand coverage and service to communities that are currently without service or underserved. RBI seeks innovative

and customized broadband solutions from industry that involve a range of options, including terrestrial, satellite, and wireless technologies.

In June 2011, IBRD, in partnership with NATI, commissioned a sector profile of the Information and Communications Technology (ICT) industry to provide a comprehensive analysis of the sector in the province. The report, titled *Newfoundland and Labrador's Information and Communications Technology Sector Analysis*, was received in March 2012. IBRD will utilize this report to inform its approach to the sector. The analysis considered both qualitative and quantitative information to compare the Newfoundland and Labrador ICT sector to others regionally and nationally. Data used to analyze the sector included the current size of the industry in terms of the number of companies, employment numbers, sales revenues, and gross domestic product. The analysis also identified trends and underlying issues that affect the sector, not only locally but globally as well. Challenges faced in Newfoundland and Labrador, in particular with respect to growing the ICT sector, were also identified.

In August 2011, IBRD made a preliminary proposal to Public Private Partnerships (P3) Canada to determine whether the Government Broadband Initiative (GBI) fits P3 Canada's qualification requirements. The \$1.2 billion P3 Canada Fund is a merit-based federal program to support P3 infrastructure projects that achieve value for Canadians, develop the Canadian P3 market, and generate significant public benefits. In October 2011, IBRD was notified that GBI fit the qualification requirements and that P3 Canada was interested in pursuing this opportunity. If the initiative succeeds, P3 Canada will cover 25 per cent of the infrastructure cost for the project. IBRD continues to work with P3 Canada to develop a business case.

IBRD is working closely with federal agencies, shipyards, and prime contractors to ensure Newfoundland and Labrador companies are given fair and equal access to opportunities in the \$35 billion National Shipbuilding Procurement Strategy.

## Strategic Industries

The Strategic Industries Division has promoted lean manufacturing through targeted training initiatives, conferences and information sessions. Lean manufacturing is the application of best practices within a manufacturing environment to remove nonproductive





activities from the manufacturing process. The division provided lean training to the Fluent Consortium (a group of 14 companies generally in the Avalon region) and Central Lean Manufacturing network (a group of seven manufacturers in central Newfoundland and Labrador). An enhanced supplier development work plan was prepared that focuses on supplier diversity and targets major resource development. The division, in cooperation with key partners, held seven procurement education events throughout the province that focused on selling goods and services to the multibillion dollar public sector market. Two mining focused events in Baie Verte and Gander provided over 100 businesses with an overview of mining opportunities in the province and information on procurement processes.

In the craft, gift, and apparel sector, a retail survey was completed that provides valuable information on the types of products in demand by consumers and where these products were sourced. This will facilitate efforts towards the design and creation of the kind of products that will appeal to local retailers. An external review of the Craft Industry Development Program was undertaken as well.

In the food and beverage sector, the division focused on two key areas to help develop new markets and opportunities, and enhance compliance with sector regulations. This included participating in trade shows in Ontario and Alberta and facilitating linkages for Newfoundland and Labrador companies to participate in

pan-Atlantic trade mission in the United States and other emerging markets. Training sessions were completed that addressed competitiveness and capacity building issues around food safety, nutritional labeling, and private label manufacturing opportunities.

Through discussion with industry and other partners, efforts were focused on the three key areas of agritourism, the sheep industry, and the vegetable industry. IBRD supported companies to participate in a mission to New Brunswick to view approaches that the industry has taken to increase revenue streams on farms. The division is working with industry and partners in the development of a sheep industry strategy.

## Ocean Technology

The Ocean Technology Branch of IBRD is the lead organizer for the Ocean Technology Policy Council. This group of executives from six federal and provincial organizations with a mandate related to ocean technology meets once a month to share information and to align public policy.

Staff from the Ocean Technology Branch lead or participate in a number of intra-provincial, inter-provincial, federal-provincial and combined stakeholder groups such as the Arctic Opportunities Working Group, the Provincial Coastal and Oceans Network, the Canada-Newfoundland Committee on Oceans Management, the International





Business Development Agreement (IBDA) Working Group on Ocean Technology, the Marine Technology Society (NL Chapter) and the IBRD Management Committee.

The Ocean Technology Branch played a key role in St. John's successful bid to host the Oceans 2014 Conference and Trade Show. Oceans 2014 is an internationally-recognized event and is poised to be one of the largest technology conferences ever held in the province. This past year, the Ocean Technology Branch organized and participated in a number of regular trade events such as Oceans 2011 in Hawaii, Ocean Innovation in Nunavut, Ocean Business in Southampton, United Kingdom, Ocean Tech Expo in Rhode Island, the International Work Boat Show in New Orleans, and the Offshore Technology Conference Brasil in Rio de Janeiro.

**Arctic Opportunities Initiative:**

The Arctic Opportunities Initiative is a horizontal provincial initiative aimed at identifying possible opportunities in the Arctic for Newfoundland and Labrador, building knowledge and capacity about ongoing Arctic activities and issues in the North, and creating awareness about the province's expertise and capabilities related to the Arctic. In 2011-12, the Ministers' Committee and

the Deputy Ministers' Steering Committee for Arctic Opportunities approved the Phase I report developed by the Arctic Opportunities Working Group. This report identified broad themes of provincial activities related to the Arctic, existing challenges and opportunities, possible areas of interest, and recommendations for Phase II based on input from government departments, industry, and academic organizations. IBRD also led both the Federal-Provincial Arctic Committee and the Arctic Opportunities Working Group, which developed an Arctic press kit.

**Regional Economic Development**

**Tourism Plan – *Uncommon Potential*:**

Tourism remains a priority sector for IBRD investment and as such, IBRD is committed to supporting the objectives of *Uncommon Potential*, the tourism vision for Newfoundland and Labrador. IBRD provided financial support to tourism stakeholders under various funding programs such as the RSDF, Business and Market Development Program, and the SME Fund. In addition to providing significant investments for the tourism sector, IBRD participated on the provincial Tourism Board which includes representatives from industry and Government. The Board is intended to be a means through which Government and industry can work together to guide the province's tourism industry to reach the goals outlined in *Uncommon Potential*.



### **Entrepreneurs' Forum:**

For the third successive year, IBRD partnered with the Entrepreneurs' Forum to help entrepreneurs receive advisory sessions from seasoned business advisors through 34 client consultations.

### **Newfoundland and Labrador Association of Community Business Development Corporations (CBDC):**

IBRD staff work with CBDC staff on various initiatives. For example, IBRD continued to partner with the Newfoundland and Labrador Association of CBDC on the KickStart Micro-Loans Program for youth in business. Through this initiative, entrepreneurs under the age of 35 looking to start or expand a sole proprietorship, partnership, corporation, or co-operative may avail of up to \$5,000. To date, there have been 38 approvals which have resulted in the creation or maintenance of 99 full time, part-time and seasonal jobs throughout the province.

### **Newfoundland-Labrador Federation of Co-operatives:**

IBRD continued to implement its MOU partnership with the NLFC, including the well-established NLFC/IBRD Co-operative Developers Network.

### **Newfoundland and Labrador Regional Economic Development Association (NLREDA):**

IBRD worked with NLREDA to develop and implement Opportunity Management (OM) best practices and project-based activity. Through this process, NLREDA has developed tools, guides and templates for use by stakeholders.

### **Municipal Government:**

Many IBRD programs were utilized by municipalities for economic development initiatives throughout Newfoundland and Labrador. For example, RSDF approved \$1,361,141 for 24 initiatives where municipalities were the proponent. In addition, there were further initiatives approved in which the municipality was a partner to the proponent. Some examples are a regional multiplex initiative with the Town of Happy Valley-Goose Bay, a mining pre-audit study with the Town of Harbour Breton, and Downtown Development initiatives for the Towns of Grand Falls-Windsor and Channel-Port aux Basques.

## **The Strategic Partnership**

The Strategic Partnership is a partnership of the Provincial Government, the Federation of Labour, and

the Newfoundland and Labrador Business Coalition. The Strategic Partnership includes the Strategic Partnership Council, the Strategic Partnership Secretariat, the Executive Committee and the various standing and ad hoc committees of the Council. The role of the Partnership is to support dialogue on public policy issues and tender solutions.

In 2011-12 almost 60 individuals from Government, business, and labour participated in the Strategic Partnership Council and its Committees. There were 43 Strategic Partnership-related meetings held throughout the year, including a number of planning sessions and consultations. Government's representation in the Partnership included nine different departments and agencies.

To help build a common knowledge base among the partners and support the work of the Council and its Committees, the Partnership received over 20 presentations during 2011-12 from a number of government departments, industry associations, and academics. Topics included mining, oil and gas, manufacturing, trans-shipment, green economy, broadband, immigration, and apprenticeship.

In 2011-12, the Strategic Partnership provided funding to the Harris Centre to support eight projects under the Applied Research Fund (ARF). These were in the areas of business, geography, environmental policy, and engineering and applied science at both Memorial University of Newfoundland and Grenfell Campus. The ARF builds on the Harris Centre's mandate to connect Memorial University of Newfoundland with communities across the province to assist in providing solutions to, or advice on, regional policy and development issues.

The Strategic Partnership's website, [www.thestrategicpartnership.ca](http://www.thestrategicpartnership.ca), was launched in May 2011. This website is a tool for both Strategic Partnership members and the general public. It provides an overview of the Partnership and the social dialogue process, as well as research reports and presentations prepared for the Partnership.

## **Canada Business Newfoundland and Labrador**

Canada Business Newfoundland and Labrador (CBNL) is a federal/provincial organization that helps entrepreneurs throughout the province start and grow business opportunities, and helps existing small

businesses expand their operations. Part of the Canada Business Network, CBNL is a partnership between the ACOA and IBRD. Working with a network of partners with offices in 35 locations, CBNL provides services to all regions of the province. Partners include Community Business Development Corporations, Aboriginal business development groups, municipal economic agencies, and IBRD and ACOA regional offices.

Business Information Officers at CBNL provide free one-on-one counselling and up-to-date business and economic information to entrepreneurs and small businesses in all sectors of the economy to help make business ideas come to life.

CBNL houses the province's largest collection of business development and learning resources with over 10,000 items, including all provincial newspapers, various journals, directories, books, and DVDs. CBNL provides clients with access to a number of tools that are available from the Business Information Officers or through the website, [www.canadabusinessnl.ca](http://www.canadabusinessnl.ca).

These tools include:

- access to 15 licensed databases;
- periodic seminars and learning sessions and a monthly Guest Advisor Program;
- a free Books-by-Mail service, whereby books from the reference library are sent to clients requesting them through filling out an online form or calling a toll-free telephone number; and
- guides that provide detailed information on forming a business, permits, financing, and sector specific issues.





## STRATEGIC ISSUES

IBRD utilizes its suite of programs and services to deliver on its mandate and strategic directions. Significant progress has been made to address the issues of Business Competitiveness and Regional Sustainability that were identified as priorities in the IBRD's Strategic Plan, 2011-14. IBRD has undertaken several key initiatives and projects in fiscal year 2011-12 that are important and emphasise the scope of work that goes towards addressing the issues and showcasing progress in strategic directions.

### Strategic Directions of IBRD:

Regional Diversification and Industry Growth  
*Provincial Outcome Statement:* Diversified and strengthened regional economies.

Innovation  
*Provincial Outcome Statement:* An innovative culture.

Small and Medium-sized Enterprise Business Supports  
*Provincial Outcome Statement:* An environment supportive of enterprise establishment and growth.

Business Promotion, Trade and Investment Development  
*Provincial Outcome Statement:* Increased business promotion, trade and investment.

Business, Industry and Economic Intelligence  
*Provincial Outcome Statement:* Improved understanding of and response to significant and long-term economic and competitiveness issues.

### Issue 1: Business Competitiveness

Business competitiveness encourages business growth, job creation, enhanced business performance, sector and market diversification, which eventually leads to economic growth in the province. Through financial investments and various services, IBRD supports companies in all sectors. Some investments in fiscal year 2011-12 were made through existing programs that address expansion issues, identify new growth opportunities, enhance employee skills, and develop networks that allow partners to mutually benefit. Some new funding programs were launched to support companies in becoming more efficient and improving productivity and the quality of their products through innovation.

IBRD provides counselling and mentoring to its clients

through the intergrated business retention and expansion approach. IBRD focuses its sector development activities around initiatives that promote productivity improvement, market awareness, and general business intelligence in an effort to improve the competitiveness of Newfoundland and Labrador companies in local, national, and international supply chains. The Supplier Development Program informs clients of opportunities for products and services within the public sector and mining industries and on industrial benefits available through major provincial and federal procurements. A partnership with the Canadian Manufacturers Exporters resulted in training being provided to companies that will make them leaner and more efficient.

For the purpose of enhancing overall competitiveness provincially, nationally, and internationally IBRD promotes and financially supports local firms that are looking to expand their presence in international markets, explore new markets, and increase export activity. Through a variety of Trade and Investment programs, IBRD works with its clients to reduce market expansion risks, diversify and expand export opportunities, and help increase the value and volume of Newfoundland and Labrador goods internationally. Programs address each stage of the export continuum and include an export diagnosis, which helps identify and address export readiness; market information sessions and market research, which provide companies with strategic market intelligence; and in-market consultants and travel funding, which maximize company export success while in-market.

IBRD participates in negotiating trade agreements, which allows for new opportunities for the people and companies of the province. Negotiations could address the reduction of a tariff, access to a new market, or recognition of professional qualifications across the country. Through improved access to key markets provincial companies are becoming more competitive with companies from other nations. Access to an efficient, reliable, cost-effective transportation system and related services is identified as critical to economic growth. Therefore, IBRD, through the Atlantic Gateway and the Air Access Program, supports improving transportation linkages throughout the province.

Through investment attraction, IBRD seeks out business investment opportunities in prominent sectors such as aerospace and defence, ocean technology, information and communications technologies, and oil and gas. Increased investment in these sectors helps to grow and strengthen them, thereby improving the competitiveness of the province's business community.



## ISSUE 1: BUSINESS COMPETITIVENESS

Goal 1: By March 31, 2014, IBRD will have strengthened capacity for business development and competitiveness.

Objective 1: By March 31, 2012, IBRD will have provided support to strengthen business capacity.

Measure: Support provided.

**Indicator 1:** Integrated approach developed to support counseling and mentoring activities to SME clients.

IBRD developed an integrated approach to support counseling and mentoring activities to SME clients.

The BR&E approach of IBRD towards its clients emphasizes a proactive style of business engagement. The BR&E approach includes a one-on-one interview with a business owner to review marketing and sales, human resources management, operations, financing and accounting, current location, and future plans. A follow-up report is prepared for the client based on the interview results. In collaboration, IBRD staff and the business owner create an action plan that provides alternative responses to identified issues and priorities.

Action items are matched to any available resources, programs, or services. The approach also encourages long-term business aftercare and relationship building with clients. Coordinated support is encouraged through the involvement of field Economic Development Officers, enterprise specialists and sector specialists in the BR&E process from the interview stage, through to the development of action plans to long-term aftercare.

As BR&E plays such a critical role as a business counseling tool, a key priority for IBRD was to ensure the engagement of all departmental branches, including regional offices, in the direct day-to-day BR&E diagnostic process with businesses. This ensures linkages for businesses to the many programs and services offered by Government and industry stakeholders.

It is clear from client feedback and IBRD's analysis that the new approach lends itself to an innovative client service delivery model. The client gets to benefit from highly trained economic development practitioners and there is a fast turnaround for possible business solutions, all developed with input from the business owner. Ultimately, this leads to the establishment of long-term relationship building through aftercare. Finally, it has proven to be a great catalyst to link clients to programs offered by multiple partners.

In addition to the role of all Economic Development Officers and Sector Specialists, the following are examples of current BR&E efforts with other IBRD branches:

- working with Strategic Industries, specifically the IBRD Craft Sector Support Network, to provide BR&E staffing and support to a target list of craft producers; and
- working with Strategic Industries to develop a set of questions specific to supplier development that will be added to the BR&E interview guide for a pilot project.

**Indicator 2:** Creation of a supplier development work plan focuses on supplier diversity and enhanced participation in supplier development activities.

Through the Young Entrepreneurs and Innovators Program's partnership with the Entrepreneurs Forum, entrepreneurs in the province received complimentary advisory sessions from industry titans. In 2011-12, 38 entrepreneurs availed of this service in the province.

IBRD assisted its export clients through the RTL network. IBRD undertook a province-wide consultation focused on export development with the industry. This targeted consultation provided meaningful insight into export development issues currently facing companies. To best implement an effective consultation for each region of the province, IBRD's RTL network was utilized as a province-wide vehicle for maximizing company engagement and participation in the consultation process. RTLs played a key role in identifying and targeting the right companies for consultation, determining the most appropriate forums for engagement, and actively participating in each consultation session in their respective regions. RTLs developed a target list of clients in each region, to approach clients for a jointly-administered export diagnostic. To date, seven diagnostics have taken place. Additionally, nine export presentations to stakeholders have been facilitated through the RTLs in fiscal year 2011-12.

An internal, multi-divisional working group was established to develop a supplier development plan by March 31, 2012. The proposed plan has been developed and recommends linkages with current supplier development activities. It proposes a coordinated, streamlined approach to supplier development that will support opportunity identification, capacity building, and the participation of Newfoundland and Labrador businesses in key projects and sectors.

The recommended model outlines the need for an inventory of businesses and existing capacity, details of project requirements, gap analysis, determining supplier requirements, business-opportunity matchmaking and support services, and reporting and monitoring of outcomes to maximize the participation of Newfoundland and Labrador businesses. A stakeholder engagement structure has been recommended to ensure the sustainability of the proposed model. The initial focus, in collaboration with relevant line Departments, enterprises, contractors, and others, will be on the key sectors in the province that drive economic growth, including oil and gas, mining, and energy.

During fiscal year 2011-12, the Trade and Investment Branch hosted 10 market information sessions throughout the province on key export markets, including Brazil and the United Kingdom. These sessions, with a total of 110



**Indicator 3:** Developed new information sessions to increase awareness of business opportunities.

participants, increased awareness of business opportunities in these markets and resulted in increased participation in missions to these regions.

The Trade and Investment Branch also delivered new export awareness sessions to students at Memorial University of Newfoundland's School of Business. Three sessions were attended by 210 students. The sessions informed the students about the exciting opportunities available through international business and increased their awareness of the various programs and services available through IBRD.

Strategic Industries Division developed:

- "Tourism 101: Tapping into the Tourism Cultural Market" and "Protecting Your Designs and Ideas - Intellectual Property for Craft People";
- Pilot webinars for supplier development sessions;
- Marketing plan and workshop for craft clients;
- Sessions to manufacturers regarding the use of Social Media as a business marketing tool through Market Insights;
- Craft cultural product training workshops, in cooperation with partners; and
- Training sessions on craft exporting to the United States market and Consumer Product Safety, in conjunction with the Provincial Craft Show.

The Regional Economic Development Branch, along with other partner organizations, designed Tourism Support For You sessions, which were delivered throughout the province. The main objective was to build awareness of the Tourism Vision, *Uncommon Potential*, and the Tourism Board, and to provide specific knowledge about the business development programs and resources that tourism operators can access. Seven sessions were held in April 2011, and two webinars were held in May 2011. Approximately 200 participants attended the live sessions, in addition to participants attending the webinar sessions.

The Community Capacity Building Program of IBRD supported 20 sessions directly to the business community through chambers of commerce, industry associations, and co-operatives, with approximately 750 participants.

Funding and support were provided to the Newfoundland and Labrador Regional Economic Development Association or the delivery of 13 sector-focused Opportunity Management sessions relating to targeted sectors throughout the province.



**Indicator 4:** Provided skills development and training sessions to the business community.

In addition to the market information sessions delivered in 2011-12, the Trade and Investment Branch delivered 14 other training sessions throughout the province. These sessions covered such topics as Exporting 101, Supplier Diversity, Pitching for Investment, and Retail Merchandising for the food and beverage sector.

One-on-one counseling was provided to clients participating in trade missions. These clients were provided with specific information on particular markets and how best to secure business in such markets.

The Regional Development Branch partnered with the Department of Child, Youth, and Family Services (CYFS) on the development and delivery of a pilot information session focused on the business of family child care including small business development, available government supports, taxation, and insurance issues. This initiative was targeted to child care providers who would potentially avail themselves of contributions available to early childhood educators who create child care spaces in their homes under the Family Child Care Initiative of CYFS. Additional sessions will be held in 2012-13.

With the assistance of the IBRD's Regional Co-operative Developers' Network, training sessions on co-operative development were approved and delivered throughout the province, examples include:

- Five meetings with the House of Diamonds and three with the Fogo Change Islands Agricultural Co-op (Central region);
- One presentation to the group For the Love of Clay and one presentation to Buy Local! Buy Fresh! (Avalon Region); and
- "Basics of forming a Cooperative" delivered to seven business development groups (Labrador Region).

Through the Young Entrepreneurs and Innovators Program, IBRD provided support for the development of entrepreneurial and technical skills that advance entrepreneurship and innovation. In 2011-12, seven organizations were approved to provide specialized training resources to over 40 entrepreneurs and innovators. Through the Workplace Skills Enhancement Program, IBRD provided funding for the purpose of training employees to improve productivity. Funding is also available to not-for-profit organizations acting on behalf of these employers. IBRD committed grants totaling \$2,076,000.

The Strategic Industries Division delivered two food and beverage workshops, eight workshops on Lean and Manufacturing Best Practices, training sessions in pricing, marketing, and cultural product development to craft clients, and completed seven supplier development sessions.



**Indicator 5:** Financial investments and incentives provided through IBRD to strengthen capacity.

The federal-provincial CBNL organized 12 lunch and learns and other information sessions that involved 250 clients, and 40 guest advisor sessions involving another 160 clients. These sessions were available to clients throughout the province through teleconferencing and GoToMeeting technology. In addition, the staff at CBNL responded to 5,790 inquires from early stage entrepreneurs and small business operators, and met with 1,500 clients at trade events and exhibitions throughout the province.

IBRD funded various programs through which clients in all regions were supported during fiscal year 2011-12. They are as follows:

Under the SME Fund, 16 projects were approved with financial investments totaling \$2,904,417.


Through the Business and Market Development Program, 77 projects were approved and the financial investments totaled \$833,330.

Through the Air Access Development Fund (AADF), a program developed through *Taking Flight: An Air Access Strategy for Newfoundland and Labrador*, IBRD approved seven projects, totaling \$1.28 million. Taking Flight is aimed at enhancing air access to, from, and within the province.

Through the Oil & Gas Manufacturing & Service Export Development Fund (OGEDF), IBRD approved two projects with a total investment of \$1 million. OGEDF is designed to support strategic investments in new business opportunities for large-scale, export-based petroleum fabrication, manufacturing, and service provision.

Through the Aerospace and Defence Development Fund (ADDF), IBRD approved one project for \$500,000. 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 the province.

Through the Business Attraction Fund (BAF), IBRD approved one project with a financial investment of \$250,000. BAF provides for large-scale, strategic investments in business ventures and infrastructure for the purpose of attracting business to the province. Through BAF, IBRD provides loans and equity investments to companies interested in establishing operations and conducting business in the province.



Four guarantees were approved through the Fisheries Loan Guarantee Program (FLGP). FLGP supports the development of the province's independent fish harvesting industry by providing a Government guarantee on loans through local chartered banks for the construction or purchase of marine vessels and/or to purchase new engines and fishing equipment for the improvement, rebuilding, or alteration of existing vessels.

Under the EDGE Program, three companies were recommended by the EDGE board to receive EDGE status. EDGE provides incentives to encourage significant new business investment in the province to help diversify the economy and stimulate new private sector job creation, particularly in rural areas.

IBRD's Technology Utilization Program provides a non-repayable contribution, normally up to 80 per cent of the project's total eligible costs, to a maximum of \$100,000 per project. In 2011-12, the total amount requested by the 36 applications assessed was \$2.47 million. Ten projects were approved throughout the province, with \$484,479 allocated to them.

The Innovate and Demonstrate Program (IADP) provides a non-repayable contribution to a maximum of \$50,000 per approved project. The program was launched with a Call for Applications and 14 applicants requested a total contribution of \$556,213. Seven applications were approved, with \$260,061 allocated.

The OceanTech Intelligence Program that provides financial assistance to not-for-profit organizations, industry associations, and public sector educational institutions for projects that support the growth of Newfoundland and Labrador's ocean technology sector approved \$2,141,600 in funding of which \$1,320,902 was dispersed by March 31, 2012.

The OceanTech Smart Growth Program promotes the growth and development of small and medium-sized ocean technology companies in the province by providing financial assistance for activities related to product enhancement in response to market needs. The program focuses on support for companies with high growth potential and projects that emphasize ocean intelligence and ocean observation, vessel operations, and ocean energy. \$720,975 was approved, of which \$353,013 was dispersed by March 31, 2012. The funding provided supported the expansion, development, and commercialization of various product lines and the development of marketing activities to enable clients to successfully enter into new markets around the world.



**Indicator 6:** Reviewed departmental funding programs available to small and medium-sized enterprises.

Ocean Technology Entrepreneurs' Stipend is a funding support mechanism for ocean technology incubator firms. The stipend program offers up to two \$50,000 salary stipends to ocean technology start-up firms for up to two years, to a maximum contribution of \$200,000. This funding is administered through an agreement with the Genesis Centre. \$385,914 was approved and provided to five incubator firms involved in an array of ocean technology activities in the province.

IBRD initiatives undertaken to review its funding programs supporting small and medium-sized enterprises in the province are as follows:

IBRD initiated a review of the SME Fund to respond to current market needs of SMEs. The initial phase of the review involved a jurisdictional national scan of Canadian provinces and territories' business financing programs and services. A provincial scan of SME lending instrument programs was also completed. A further review of trends and statistics in SME Fund activity since 2005 was conducted. Surveys, research findings, and economic indicators from other sources were gathered and reviewed to analyze within the context of the operation of SMEs and funding availability.

IBRD engaged an industry expert to analyze the existing requirements for venture capital funding within the province and the benefits of participating in a proposed new private Atlantic Canada Regional Fund. Thorough consultations with multiple stakeholders were conducted.

The innovation programs of IBRD were also reviewed and recommendations regarding future program requirements were made. Technology transfer, demonstration, and adoption were cited as areas of focus for future programming. In response the Department developed the Technology Utilization Program and the Innovate and Demonstrate Program. As well, funding criteria for other innovation programs were broadened in an effort to eliminate barriers identified during the review process.

IBRD financially supported an external review of the Craft Industry Development Program, available to the SMEs of the province. The review focused on measuring the program's impact on craft sector development as well as finding ways to improve services to clients.

**Indicator 7:** Reviewed Department's programs and services to identify opportunities for green technologies.

In January 2011, GLOBE Advisors was commissioned by the Committee on Climate Change, Energy Efficiency and Emissions Trading (CCEET) and IBRD, in partnership with AMEC Earth & Environmental, to identify economic development opportunities associated with the green economy in Newfoundland and Labrador.

The final report, titled *Towards a Sustainable Future: An Analysis of the Economic Development Opportunities Associated with the Green Economy in Newfoundland and Labrador*, was submitted to IBRD in October 2011.

The GLOBE report provided both specific and general recommendations across the nine identified sectors that make up Newfoundland and Labrador's green economy. Several departments reviewed the report and its recommendations for feedback and the opportunity to participate in the report's development.

IBRD conducted a detailed review of the report's recommendations. Upon completion of the green economy report, IBRD commissioned GLOBE Advisors to complete a review of IBRD's approximately 40 existing programs to determine whether they should be modified to ensure consistency with existing or proposed climate change-related policies and green economic development programs. A report providing recommendations was developed.

The review and analysis identified gaps in IBRD programs and services, the most effective approach to remedying these gaps, and made recommendations on where new programs and services would be beneficial. The report was conducted in January and February 2012 and was submitted in March 2012. The report indicated that many of IBRD's programs can be adapted to accommodate the need to support green economy activity. IBRD is prioritizing the implementation and development of a work plan as well as line department engagement, for this purpose.

**Indicator 8:** Promoted business opportunities in emerging markets.

In 2011-12, the Trade and Investment Branch of IBRD allocated significant resources towards the emerging markets of India, China, and Brazil. Following the comprehensive market research conducted on Brazil in 2010-11, IBRD undertook considerable outreach to clients across the province. This took the form of three market information sessions, in addition to presentations to small groups, industry associations, and individual companies. To date, the majority of interest in the province lies in the significant oil and gas industry in Brazil. Seven out of 14 Atlantic participants represented this province at OTC Brasil with most companies reporting sales. Furthermore, these participating companies have indicated that partnerships were developed which will result in long term relationships and, ultimately new business opportunities.



A number of sector opportunities have been identified in China, with ocean technology being of particular relevance to the province. To further identify the specific opportunities and the target geographic regions within China for ocean technology, a comprehensive market research study was completed. In November 2011, members of the Investment Attraction Division travelled to Beijing and Hong Kong and attended the Canada China Mining Forum to promote the province and attract investment.

IBRD's focus in India was on the seafood, education, and life sciences sectors. A pan-Atlantic mission was conducted to India in March 2012. The province's delegation was focused on education and foreign direct investment. While results are still in the preliminary stages, significant interest was demonstrated by India and several partnerships and MOUs are under discussion. The Investment Attraction Division participated in this mission and determined significant investment interest in several key industries.

Through the Global Travel Program and the International Assistance Program, IBRD allowed businesses to investigate and promote opportunities in emerging markets.



IBRD will undertake activities in fiscal year 2012-13 to support the objective of providing support to businesses to identify, further develop, and access market opportunities. These activities will be reported under the indicators provided below in the 2012-13 annual report.

**Objective 2:** By March 31, 2013, IBRD will have supported businesses to identify, further develop, and access market opportunities.

**Measure:** Support provided.

#### Indicators

1. Provided skills development, training, and information sessions to businesses/clients to help them access market opportunities.
2. Provided support to clients to assist them in identifying and accessing market opportunities.
3. Supported clients using Business Retention and Expansion (BR&E) process.
4. Financial investments made through IBRD's Trade and Investment programs to support business and market development.
5. Commenced assessment of current markets to determine continued relevance to the province's business community.
6. Emerging markets and potential markets arising from new trade agreements considered to determine relevant opportunities for the province.
7. Commenced the development of a positioning and communications plan for the Ocean Technology Branch.
8. Supported an environment for growth within the Ocean Technology sector.





## Issue 2: Regional Sustainability

IBRD investments have a long term positive impact on the sustainability and growth of all regions. With its five regional offices and 17 field offices distributed throughout the province, IBRD makes strategic investments to support regional companies and organizations for regional sustainability. In addition to delivering a suite of programs and services, staff continuously engages in a variety of activities in communities and regions. This is critical, as viable communities support sustainable region.

IBRD promotes and supports economic diversification in all regions. The more diverse an economy is the more resilient it is to economic changes and, ultimately, the more sustainable it is over time. In order to sustain regions, we need to sustain communities and support companies in various sectors. IBRD staff is involved in numerous activities to help build capacity in communities. IBRD works directly with groups and organizations to assist them in developing their economic plans, strategies, and proposals, to provide training, and to deliver workshops to the companies in that region. Additionally, IBRD supports its clients in their efforts to collaborate, form networks,



cooperate, and partner with regional industry, business groups, and other companies to target national and international market opportunities.

IBRD operates on the premise of advancing economic, social, cultural, and environmental development in regions. It utilizes its various programs to engage clients in activities that will allow their region to grow, prosper, and sustain itself over the long term.



Goal 2: By March 31, 2014, IBRD will have strengthened capacity within regions to support regional sustainability.

Objective 1: By March 31, 2012, IBRD will have delivered programs and services that encourage innovation, entrepreneurship, and regional economic development.

Measure: Delivered programs and services.

**Indicator 1:** Commenced implementation of new and expanded programming under the innovation strategy targeting SMEs throughout the province, particularly in rural regions.

IBRD undertook the review of the Innovation Strategy in 2010. As a result of this review, some of the existing programs were expanded and some new programs were developed to bridge the gaps that were identified.

On August 29, 2011, IBRD launched new and revised innovation programs with a total budget of \$3 million. Innovation programs include:

- Commercialization Program
- Technology Utilization Program
- Innovate and Demonstrate Program
- Global Travel Program
- Innovation Enhancement Program
- Youth Innovation Program

The Innovation Enhancement Program criteria were modified to make the program more accessible to potential clients throughout the province. The changes included an increase from 50 per cent to 80 per cent of eligible project costs and broadening the eligibility requirements to include municipalities.

The Global Travel Program was expanded as well to allow companies in other sectors to apply for travel support when going into the international marketplace.

Significant revisions were made to the Commercialization Program. The eligible applicants section and the eligible activities section have been expanded and the guidelines were revised.

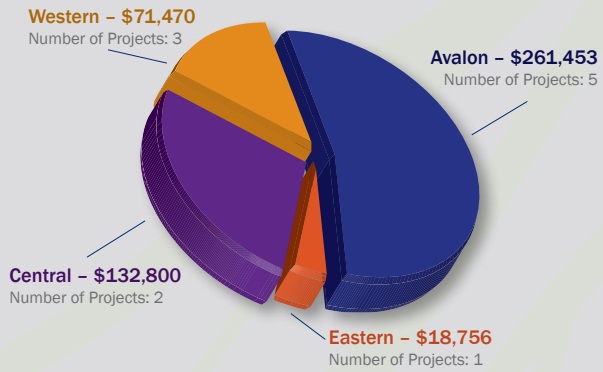
IBRD developed the new Technology Utilization Program in 2011. The program, with a budget of \$500,000, was designed to assist SMEs with established products and/or services in increasing their technology capacity to improve business processes, product quality, efficiency, and competitiveness. The program also enables businesses to utilize technology to become energy efficient and reduce emissions.

IBRD also developed the new Innovate and Demonstrate Program to help Newfoundland and Labrador businesses determine whether the public sector could be an appropriate market for their early-stage innovative products, services, or technologies. The program also enhances the public sector's knowledge of innovative solutions that are produced and available in the province.

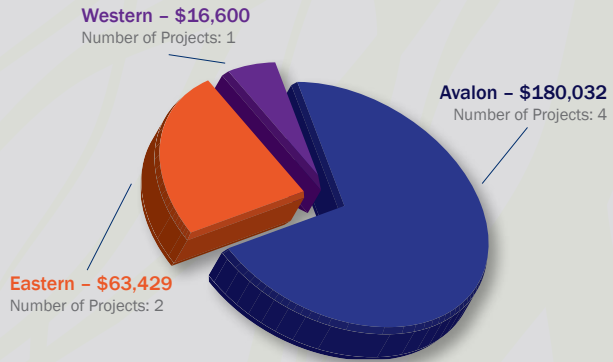


The regional breakdown of the financial investments through the innovation programs is provided below:

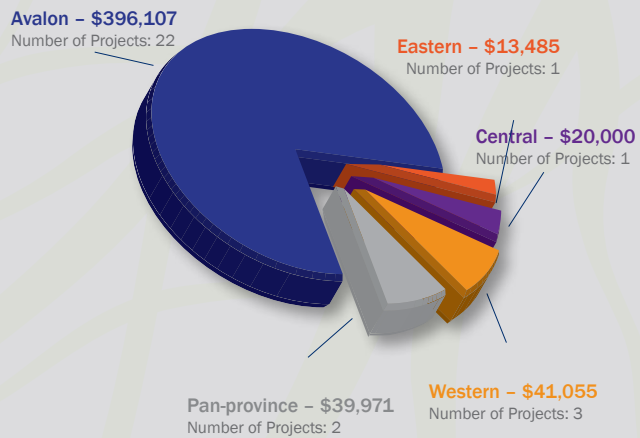
**The Technology Utilization Program provided an investment of \$484,479 for 11 projects.**



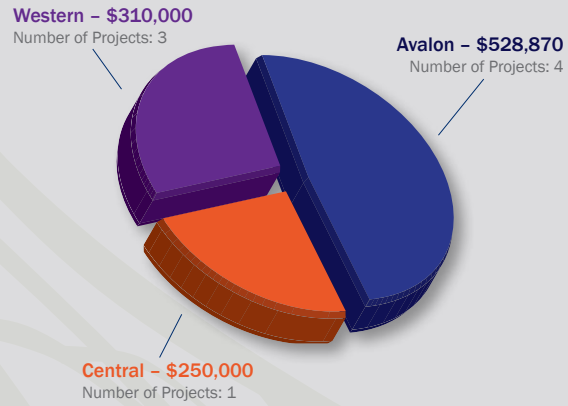
**A financial investment of \$260,061 was provided by the Innovate and Demonstrate Program for seven projects**



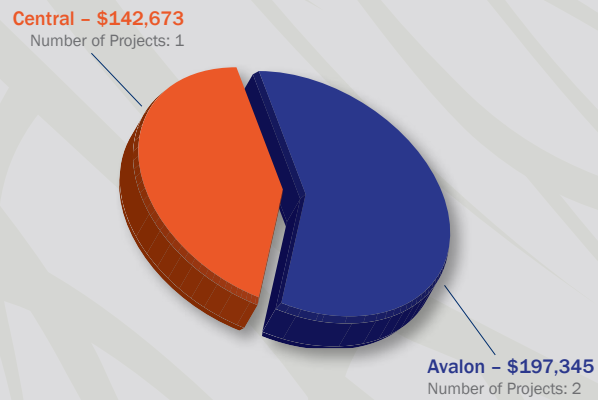
**A financial investment of \$510,518 was provided for 29 proposals through the Youth Innovation Program.**



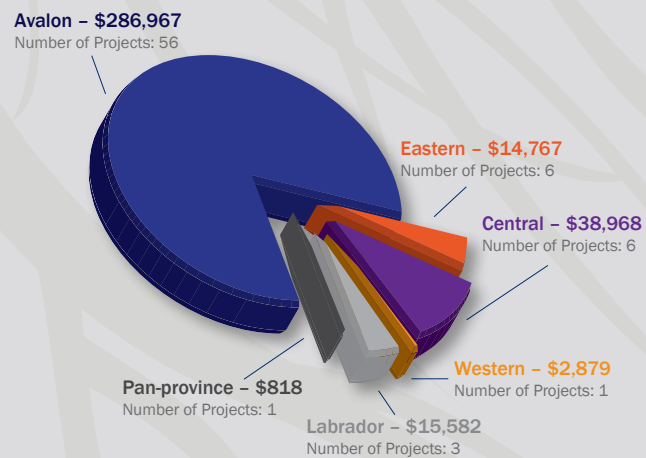
A financial investment of \$1,384,842 was provided for eight projects under the Innovation Enhancement Program.



Three Commercialization projects totaling \$340,018 were approved.



The Global Travel Program approved \$359,981 for 73 projects.



**Indicator 2:** Commenced administration of the new Air Access Development program under the *Air Access Strategy*.

The Air Access Development Fund, comprising of the Airline Route Promotion and Advertising Rebate, and the Airport Authority Business Development Rebate programs, is being effectively delivered. There has been significant interest in and uptake of the programs from both the airport authorities and air carriers.

During fiscal year 2011-12, a total of seven proposals were approved, three from the Airline Route Promotion and Advertising Rebate Program and four from the Airport Authority Business Development Rebate Program. The focus of proposals has been reflective of regional economic development initiatives in the province. The seven proposals approved in 2011-12 have province-wide as well as regional implications. Two of the projects, in particular the St. John's International Airport Business Development agreement and the Airline Route Promotion and Advertising agreement with Air Canada relative to the St. John's-London route, provide enhanced air services for the city of St John's, the Avalon Peninsula, and the whole province.

Five of the approved proposals support air service initiatives throughout the regions and directly impact rural communities. These include Airport Business Development support for Gander International, Stephenville International, and Deer Lake Regional Airports. The Airline Route Promotion and Advertising agreement with Air Canada, relative to the Gander-Toronto route, and the Airline Route Promotion and Advertising agreement with Exploits Valley Air Services relative to increasing capacity on existing and second routes from Gander to Goose Bay, have both positively affected central Newfoundland and Labrador.

There are currently three additional applications under consideration that were received during fiscal year 2011-12.

The Department also acquired access to an air carrier passenger tracking program, "Data in intelligence out", which will be very effective for gathering data for the evaluation of the Air Access Strategy and its programs.

**Indicator 3:** New marketing strategy developed for Getting the Message Out (GMO) program, to promote innovative career opportunities and entrepreneurship among youth.

The Getting the Message Out (GMO) Program was created in 1993 as a marketing and communication initiative designed to increase awareness among young people of the diversified potential for entrepreneurship and employment in the province. Program activities include:

- GMO Website
- High-School Presentations
- Supplementary Student and Teacher Resource Materials
- High-School Case Competition
- Post-Secondary and Community-Based Group Presentations

**Indicator 4:** Develop a new Memorandum of Understanding with the Newfoundland-Labrador Federation of Co-operatives (NLFC), focusing on investigation of co-operative opportunities through the Co-operative Developers Network to advance social enterprise and business development.

The program's primary objective is to build confidence and self-esteem within the youth of the province by showcasing the accomplishments of local entrepreneurs and demonstrating the potential for success in the province.

Recognizing the need to update the program, an external agency, M5, was contracted to develop an overall marketing/communications strategy for the GMO Program that would refresh and reinvigorate the program's visual identity and brand personality to work in conjunction with the provincial brand.

As per the marketing/communications strategy, a Request for Proposals was issued in June 2011 that had requirements for the:

- Design, creation and hosting services for a new GMO Program website;
- Design and creation of a Social Media presence for GMO; and
- Design of GMO Program collateral and marketing materials.

It is anticipated that a new GMO Website and social media presence will be available in late 2012.

The IBRD/NL Federation of Co-ops (NLFC) have a five-year Memorandum of Understanding (MOU) which expires in June 2012. The new five-year MOU was developed in fiscal year 2011-12 and will be finalized and signed in 2012. The MOU continues to support the IBRD/NLFC Regional Co-operative Developers Network comprised of eight IBRD staff, which includes one individual in each region.

The Regional Economic Development Branch of IBRD works with individuals and groups interested in forming co-ops. Some examples of such activities include staff working with the:

- Group of non-profit organizations interested in forming a co-op to provide cost savings on insurance, telecommunications, and other organizational support services for non-governmental organizations;
- House of Diamonds to explore the co-op model as a more applicable business model for their activities; and
- NLFC to complete further research in the use of the co-op model for daycare services.

It is critical to recognize that the role of government in co-op development is ensuring communities have good information and assistance with developing their own co-op, but the individuals must drive the actual formation and incorporation.



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**Indicator 5:** Developed plan to assist in improving broadband availability in under-served and unserved areas of the province.

IBRD worked with the Federal Co-op Secretariat to host the Federal-Provincial-Territorial meeting of senior officials responsible for co-op development in St. John's in October 2011. The agenda was designed to focus on innovative applications of the co-op model and social enterprise supports being developed.

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The Rural Broadband Initiative (RBI) was the plan created to improve broadband availability in unserved and under served areas of the province. In June 2011, IBRD released a call for proposals seeking innovative broadband solutions from industry where traditional approaches had not been successful. After receiving and analyzing the proposals, IBRD provided \$7 million towards improvement to rural broadband access in the following areas:

- \$2.1 million to Bell Aliant to provide access to parts of the Northern Peninsula, central, and eastern regions;
- \$230,000 to Burgeo Broadcasting Systems and Ramea Communications to upgrade services to Ramea, Grey River, and Francois;
- \$1.67 million to XploreNet Communications to identify opportunities to implement a satellite solution in the central region; and
- \$3 million to upgrade Labrador's communications infrastructure.

IBRD is engaged in the process of determining what communities remain without full broadband coverage. A broadband mapping exercise is being undertaken with Industry Canada to identify where present coverage and service gaps exist. IBRD staff is utilizing intelligence from various sources to determine the type of broadband solution that will fit the areas that remained unserved in an effort to inform the next phase of RBI.

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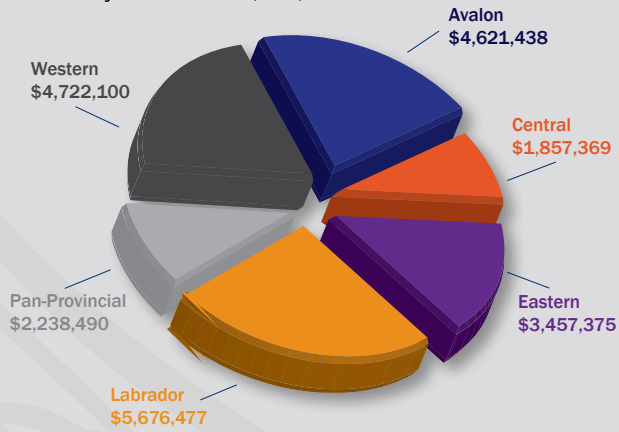
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**Indicator 6:** Review conducted of current Comprehensive Regional Diversification Strategy (CRDS) and commenced development of a renewed CRDS.

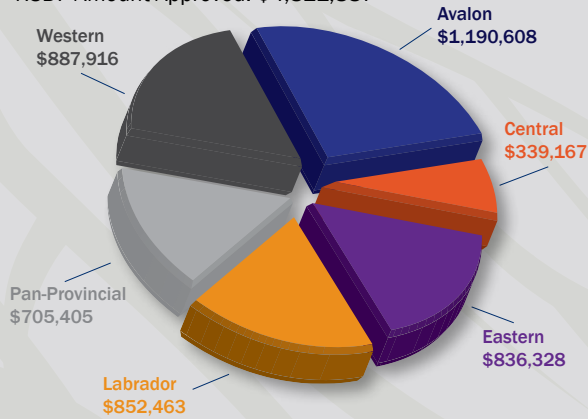
The current CRDS was reviewed to determine sector investments in each region. The CRDS continued to be reviewed in the context of the Regional Economic Development Boards' (REDBs) work plans as well as current strategies. It was determined that the Regional Sectoral Diversification Fund (RSDF) of IBRD was very successful in leveraging other sources of funds for economic development, with investments in priority sectors as outlined in the Comprehensive Regional Diversification Strategy.

Through the RSDF, funding was provided to not-for-profit organizations, municipalities, and other community-based groups for the development and implementation of economic initiatives that address regional development. In 2011-12, the RSDF approved 89 new projects totaling \$4,811,887.

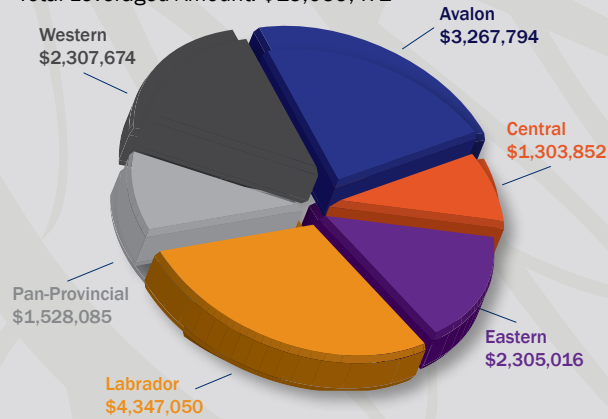
Total Project Value: \$22,573,249



RSDf Amount Approved: \$4,811,887



Total Leveraged Amount: \$15,059,471



(Note: The financial investment above includes pre-commitments on new approvals of projects with more than one year implementation. Total leveraged amount includes Federal Government and private sources, and client contributions. Other provincial sources are not included in the amount listed above. In addition, there was \$59,260 approved in 2011-12 through amendments to old RSDf projects)



IBRD has commenced the preliminary work towards the development of a renewed CRDS in fiscal year 2011-12. The sector priorities and key themes have been scanned and will be identified and further developed. Regional staff was engaged to complete ongoing scans of sector opportunities unique to the circumstances in a given region. In September 2011, the Regional Development Branch undertook the completion of these scans to form the basis of the CRDS and work plans. IBRD will begin to identify/inform potential sector investment opportunities in fiscal year 2012-13.

With the major organizational changes resulting from the restructuring of the former Departments of Innovation, Trade and Rural Development, and Business, it was identified that a revised CRDS would be better developed when the new organizational structure was determined. This will ensure significant input from all lines of business, with the goal of developing a streamlined comprehensive strategy and more in depth than just sector priority identification. For example, in addition to sector priorities, the new CRDS will incorporate key themes from all lines, such as climate change priorities, air access, investment attraction, direct business client support, youth, broadband etc, demonstrating a comprehensive approach to planning and development for the province. Actions such as IBRD hosting a semi-annual meeting of senior officials from the line departments to identify and inform potential sector investment opportunities will commence. The impact of Federal Government budget cuts and changes to ACOA, Industry Canada, and the Federal Department of Foreign Affairs and International Trade will also be considered in the development of a new CRDS.

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**Indicator 7:** Reviewed and updated Community Capacity Building program resources.

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In collaboration with the College of the North Atlantic, three major updates to program content were completed. The module *Risk Management for Non-Profits*, which builds upon the existing Organizational Governance and Legal Issues training modules; *Conflict Resolution*, which builds upon the existing *Alternative Dispute Resolution* training module; and a draft of a new *Financial Management for Non-Profits*. In addition, a review of the *Community Development* module began with updated material that will be produced in 2012-13. This module builds upon the existing *Community Development Principles and Practices* training module.

All Community Capacity Building presentation slides were updated in 2011-12 and the evaluation form was revamped. Additional resources were gathered for the following modules: *Opportunity Management*, *Organizational Governance*, *Co-operative Development*, and *Strategic Planning*.





IBRD will support the objective of strengthening regional capacity in fiscal year 2012-13 by undertaking relevant activities that will be reported in next year's annual report.

Objective 2: By March 31, 2013, IBRD will have undertaken activities to strengthen regional capacity.

Measure: Activities undertaken.

#### Indicators

1. Undertaken round two of "Call for Proposal" in September 2012 for the Rural Broadband Initiative.
2. Engaged regional stakeholders in the Arctic Opportunities Initiative.
3. Support provided to clients by IBRD to strengthen regional capacity.
4. Financial investments made, including direct and leveraged funds, in regional economic development initiatives.
5. Investments made in industry/sector organization initiatives.
6. Initiatives supported by IBRD to improve access to technology in regions.
7. Provided support to airport authorities in the development of their business development plans and air carrier proposals.
8. Activities undertaken to develop a strategic framework of support outlining Government's response to industry closures in Newfoundland and Labrador.
9. Undertaken Supplier Development Initiatives to support participation of Newfoundland and Labrador businesses in key projects and sectors.

## MANAGEMENT DISCUSSION

### Opportunities and Challenges

#### Trade and Investment

The fiscal year 2011-12, was a transition year for the Trade and Investment Branch. While the downturn of the global economy has presented numerous challenges and has impacted traditional trading partners and sources of foreign direct investment, economic conditions have been improving and the Department is hopeful that these trends will continue. Meanwhile, other markets in Asia and South America are experiencing significant growth. Efforts to identify and develop new markets are a priority and the Department is optimistic that such markets will complement existing efforts and present new and exciting opportunities for Newfoundland and Labrador industry.

The United States (US) is by far the province's most significant export market with 60 per cent of the province's total global exports destined for various states. Efforts by Canada to negotiate expanded trade agreements and to undertake specific initiatives to improve and increase trade between the two countries have not yet been realized. The US market is certainly a

mature market and many Newfoundland and Labrador companies have well established relationships and trading partners there. However, with changing circumstances in the US, broad based interest and participation in the Department's trade missions to the US market have reduced. The Trade and Investment Branch has modified its approach to the US and has seen success by seeking out and focusing on niche opportunities in specific regions for example film in California, supplier diversity in the Southeast region, and investment in New England. The Department will continue to monitor changing circumstances in the US and proactively address opportunities.

The Federal Government is pursuing an aggressive agenda of international trade focused on completing an ambitious number of bilateral and multilateral trade agreements in Europe, South America and the Asian markets. This creates a number of opportunities for the Department with



respect to trade and attracting foreign direct investment. The signing of new trade agreements in the coming years could provide improved access to both new and existing markets. These negotiations are being closely monitored to determine areas of opportunity for the province and measures and initiatives will be undertaken to communicate these opportunities to industry.

Emerging markets such as India, China and Brazil will continue to grow and offer significant opportunities for sectors and companies in this province. The Department will continue to look at these with a view to developing a long term approach. In the coming year, the Department will also assess other selected markets to identify potential opportunities. The Trade and Investment Branch will increase its focus on market research, identifying specific opportunities and undertaking outreach with the private sector. As these markets are more complicated due to distance, cost, culture, language, available infrastructure and business practices, the Branch will increase its emphasis on preparing companies for market entry. The Department will work collaboratively with

stakeholders and partners to make resources available to ensure long term success.

Meanwhile, economic conditions at home have also created opportunities. Capital investment including major projects, was robust in 2011 and an increase of over 30% is expected in 2012. This has generated considerable business for many local industries. As a result, many companies have reduced their export efforts in order to maximize their business locally. While this activity is expected to continue for some time, in order to continue to grow and prosper, companies need to maintain their business interests in export markets. The Export and Innovation Branch will continue to promote export opportunities through market information sessions and company outreach and support companies in their efforts to maintain their presence internationally.

By all accounts, Canada remained strong during the economic downturn and has emerged with a very positive image internationally. Our banking system is seen as being quite safe, the Canadian dollar remains strong





and the country is seen as a secure place for business and investment. Newfoundland and Labrador has been a strong contributor to the Canadian economy with real GDP growth in 2011 being one of the highest amongst the provinces. Newfoundland and Labrador is positioned for further growth and the Department will look to capitalize on this opportunity to further increase foreign direct investment in key areas.

### Innovation

The Department undertook a review of its programs in 2011-12 through a green lens. This work, undertaken in collaboration with the Office of Climate Change, Energy Efficiency and Emissions Trading (CCEEET), will be used to further explore how IBRD's programs might be modified or broadened to support business in its adoption of green practices.

The launch of the Technology Utilization Program as a pilot project in 2011-12 was positively received, thus highlighting the opportunity to support companies to improve their productivity and competitiveness. The program is seen as a way to reach companies throughout the province to help them improve process efficiencies as well as providing them with an opportunity to embrace new technology. Key learning from this initial pilot will inform subsequent iterations of the program.

The Department is continuing its efforts to better understand the constraints for achieving Broadband connectivity in unserved areas of the province. The convergence of rapidly evolving technology and complex commercial interests represents both opportunity and challenge in the pursuit of full coverage. While the Department has had success in supporting expanded coverage, it will continue to partner with industry to strengthen the business case for some communities.

### Strategic Industries

The increased tourism market offers tremendous opportunities for locally made crafts, particularly themed, culturally-related products. In the food industry there is increasing demand for locally grown fresh products as popularized by the 100 mile diet. Coupled with advances in growing technology and hardier plant species, this trend offers tremendous opportunities for local farmers.

With the variety of large resource development projects in the province, companies have significant opportunities to enter the supply chain of owner/operators and major contractors for these projects. Departmental initiatives such as lean manufacturing have helped companies to become more competitive.





The world economic downturn, coupled with the high Canadian dollar, had an impact on many of our exporters, particularly those who export to the United States. In the food and beverage sector this situation was further exacerbated by tighter security and regulations surrounding food products.

With respect to international supply chains, it was a challenge for companies to remain competitive with firms around the globe as well as with local and national competitors.

### **Ocean Technology**

The creation of a new Ocean Technology Branch leads the way for an increased focus on the sector, with the ability to focus on key areas essential for sector development. Newfoundland and Labrador has a strong ocean technology sector with a true cluster. Marketing and positioning the ocean technology sector will play a key role in 2012-13. The Branch will support the cluster, through government commitment and supports to industry and institutions, while working closely with the Research and Development Corporation (RDC), other provincial departments, and federal partners.

There is an opportunity to help support an environment conducive to new ocean technology start-ups through focused initiatives and a concerted effort to create a new incubation model. As well, ocean observation continues to be a key priority, as demonstrated through support for

SmartBay and other projects across the province that are focused in this area.

The Arctic Opportunities Initiative will further work to identify opportunities and refine Government's role in 2012-13.

The challenge lies in the Department's ability to provide support to companies and organizations in the most effective way to meet their needs and goals for growth. IBRD is working to create an environment that will support the cluster's goal of reaching \$1 billion in revenue by 2015. Competitive forces in other geographic locations may play a role. Also, the effective determination and implementation of a new incubation model for start-ups requires considerable research and coordination to be effective.

### **Regional Economic Development**

Economic development is the collective effort of many organizations. Innovation, Business and Rural Development is a committed partner in this process; it is a commitment that is reflected by our working relationships with many partners such as businesses, municipalities, chambers of commerce, and industry associations.

Providing financial and non-financial supports to both commercial and non-commercial clients is critical for developing ideas and building on opportunities that have been identified. The Regional/Sectoral Diversification

Fund (RSDF) of IBRD directed targeted investments for regional development, with an emphasis on regional industrial development and creating linkages between industrial development and small business creation. Investments continued in research, capacity building, marketing, and infrastructure. Through these strategic supports, the RSDF has generated economic benefit for Newfoundland and Labrador, and the Department continues to direct investments into opportunities in a variety of strategic sectors.

Many factors impact regional development. One serious challenge presented in recent times is the continuous funding cuts by the Federal Government. Most notably, the Atlantic Canadian Opportunities Agency (ACOA) is reducing its financial contributions to community economic development initiatives throughout Atlantic Canada. As well, it is clear that reductions from ACOA in project contributions are occurring.

These funding reductions are in addition to already limited budget realities. With ACOA's project contributions decreasing, stakeholders are expecting the Provincial

Government to fill the gap. As a result, the Department is challenged to further prioritize investments, as the amount of available of funding is limited.

As the landscape changes, it is critical for all regional stakeholders to become partners, ensuring an integrated approach to economic development in Newfoundland and Labrador. This includes, but is not limited to, the generation of economic development ideas, capacity building, and project implementation. In addition to funding mechanisms, the Department continues to integrate processes such as Business Retention and Expansion into its overall economic development approach.

### Business Analysis

During fiscal year 2011-12, the Department was engaged in reviewing a number of its financial programs for SMEs. The market place is changing and IBRD is repositioning its programs to meet the needs of its clients in various sectors.



The Business Analysis Division of the Department saw the opportunity to revise its EDGE Program to make it more responsive to the business community. Therefore, an extensive review of EDGE Program was conducted to maximize the benefits to clients.

Simultaneously, Fisheries Loan Guarantee Program (FLGP) was reviewed and analyzed in order to make it more accessible and better suited to the needs of present day clients. The challenge remains to work with the Department of Fisheries & Aquaculture to ensure all stakeholders (harvesters, financial institutions, etc) are

aware of and understand the changes, and to promote the newly enhanced program.

Uptake on the Business Attraction Fund (BAF) by clients has been minimal. BAF provides for large-scale, strategic investments in business ventures and infrastructure for the purpose of attracting businesses to the province. The Department sees an enormous opportunity to attract businesses to the province. However, the challenge is to increase uptake of the program while ensuring financially solid business decisions.

The Department has undertaken an analysis of the business funding continuum with particular emphasis on the existing requirements for venture capital within the province, the result of which has been the identification of some gaps in the Department's existing funding programs. There appears to be a lack of capital available for businesses in the "idea" stage as well as in the "development, growth and maturity" stage. IBRD will continue to pursue ways to eliminate the gaps and ensure small and medium enterprises have access to funding at all stages of the business continuum.





## APPENDIX A: IBRD EXPENDITURES BY MAIN ALLOCATION

Line Item	Source of Expenditure	Original Estimate (\$)	Amended Estimate (\$)	Actual (\$) (Unaudited)
1.1.01.	Minister's Office	791,500	791,500	525,078
1.2.01.	Executive Support (Less Revenue)	1,687,400	1,492,600	1,413,522 (1,034)
1.2.02.	Administrative Support (Less Revenue)	727,700	723,800	694,641 (13,747)
1.2.03.	Policy and Strategic Planning (Less Revenue)	1,237,500	1,206,100	1,023,204 (11,912)
1.2.04.	Strategic Initiatives	1,004,000	935,300	689,428
1.2.05.	Strategic Human Resources (Management)	1,719,500	1,627,700	1,559,884
1.2.06.	Administration Support -Capital	20,000	21,700	21,655
2.1.01.	Trade and Export Development (Less Revenue)	3,569,200 (500,000)	3,711,700 (500,000)	3,151,810 (209,985)
2.1.02.	Investment Attraction	12,082,700	9,950,200	3,153,687
2.1.04.	Business Attraction Fund (Less Revenue)	25,000,000	25,000,000	366,259 (145,500)
3.1.01.	Business Analysis	2,341,900	3,597,500	3,329,536
3.1.02.	Investment Portfolio Management	639,400	594,100	553,972
3.1.03.	Enterprise Outreach and Marketing	1,120,100	1,033,900	682,775
3.1.04.	Strategic Enterprise Development Fund	1,500,000	1,500,000	1,348,787
4.1.01.	Innovation, Research And Technology	14,158,700	15,847,800	12,537,392
4.1.02.	Commercialization Initiatives -Capital (Less Revenue)	3,400,000	1,000,000	468,993 (44,327)
4.2.01.	Strategic Industries Development	1,422,900	1,449,500	1,362,331
5.1.01.	Regional Economic Development Services	3,038,900	3,009,100	2,461,230
5.2.01.	Business & Economic Development Services	5,275,300	5,161,100	5,007,451
5.3.01.	Comprehensive Economic Development	8,794,000	10,794,000	10,785,141
5.4.01.	CN/NL Business Service Network	463,900	547,000	503,464
6.1.01.	Ocean Technology Initiative - Capital	1,000,000	1,000,000	500,000
	<b>Gross Budget</b>	<b>90,994,600</b>	<b>90,994,600</b>	<b>52,140,240</b>
	<b>Related Revenue</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(426,505)</b>
	<b>Net Budget</b>	<b>90,494,600</b>	<b>90,494,600</b>	<b>51,713,735</b>



## APPENDIX B: CONTACT INFORMATION

### GENERAL INQUIRIES

Department of Innovation, Business  
and Rural Development  
P.O. Box 8700, Confederation Building  
St. John's, Newfoundland and Labrador A1B 4J6  
Toll Free: 1-800-563-2299  
Telephone: 709-729-7000  
Fax: 709-729-0654  
E-mail: [IBRD@gov.nl.ca](mailto:IBRD@gov.nl.ca)

For more information about the department, visit:  
[www.gov.nl.ca/ibrd/publication.htm](http://www.gov.nl.ca/ibrd/publication.htm)

### OTHER DEPARTMENT SITES

The Ambassador: [www.theambassador.ca](http://www.theambassador.ca)  
Canada / Newfoundland and Labrador Business Service  
Centre: [www.canadabusiness.gc.ca/nl](http://www.canadabusiness.gc.ca/nl)  
Capacity Building: [www.cedresources.ca](http://www.cedresources.ca)  
Crafts of Character: [www.craftsofcharacter.com](http://www.craftsofcharacter.com)  
Getting the Message Out: [www.gmo.nl.ca](http://www.gmo.nl.ca)  
Ireland Business Partnerships: [www.ibp.nl.ca](http://www.ibp.nl.ca)

**Corporate Office-St. John's**  
Reception.....729-7000  
Minister's Office .....729-4728

**Corporate Office-Marystown**  
Reception.....279-0204

### Labrador Region

Charlottetown .....949-0378  
Forteau.....931-2908  
Happy Valley-Goose Bay .....896-2400  
Labrador City .....944-4046  
Postville.....479-9731

### Western Region

Corner Brook .....637-2976  
Deer Lake .....635-2613  
Port aux Basques .....695-9871/9872  
Port Saunders .....861-3004/3096  
St. Anthony.....454-3521/3508  
Stephenville .....643-2600/1228

### Central Region

Baie Verte .....532-4772  
Gander .....256-1480  
Grand Falls-Windsor.....292-4450/4451  
St. Alban's.....538-3476/3796  
Springdale .....673-3481

### Eastern Region

Clarenville .....466-4170  
Marystown .....279-5533

### Avalon Region

Carbonear .....596-4109/4116  
Ferryland.....432-3019  
Placentia .....227-1350  
St. John's .....729-7017





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