

it's happening here...



2012-2013 annual report

Growth and Diversification through
Investment, Insight and Innovation

Newfoundland
Labrador

Innovation, Business and Rural Development



message from the minister



As the Minister responsible for the Department of Innovation, Business and Rural Development I am pleased to submit the Annual Performance report for the 2012-13 fiscal year. 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.

At the Department of Innovation, Business and Rural Development every person supports the values of respect, creativity, service excellence, collaboration, communication and leadership. These values are core to the way individuals operate in the work place, with their clients and among themselves.

Through a variety of support programs and services, the Department of Innovation, Business and Rural Development strategically invests in a wide range of industries throughout the province, creating a competitive environment that encourages business growth and sustainable employment opportunities for Newfoundlanders and Labradorians. It is an approach that supports economic growth, opportunity and diversification in all regions of the province.

To modernize programs and respond to the changing needs of clients, a strategic review of funding programs resulted in the consolidation of 21 programs into two new funds: commercial and non-commercial. These funds, \$47 million in total, have been earmarked to support initiatives that promote growth and innovation in the business community and regional economic development efforts.

The Department has a strong presence throughout Newfoundland and Labrador and we engage with communities, businesses and key stakeholders to support urban and rural growth and help build stronger regions.

Our role is to encourage business development and we are committed to strengthening the province's business climate. The Department will continue its collaborative approach to social, economic and business development. Strong partnerships between government, academia, industry and business leaders will remain an important component of our work.

I would like to acknowledge the hard work and dedication of the employees of the Department of Innovation, Business and Rural Development. They are working tirelessly with clients to stimulate economic and business development and to support a vibrant 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

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Our energy fuels us.

Fueled by the energy of more than 500 supply and service firms and 4,000 highly-skilled workers, the oil and gas industry in Newfoundland and Labrador is world-class and growing.

The Department of Innovation, Business and Rural Development shares that energy – the energy to help you explore new markets and pursue new business ideas.

Find out how we can help fuel your business: 800.563.2299 IBRD@gov.nl.ca gov.nl.ca/IBRD



it's happening here.



the department at a glance

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.

values

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

lines of business

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

branch structure

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

staff

Total IBRD employees at the end of fiscal year 2012-13 was 177 (Female - 90, Male - 87). Their distribution by region was Avalon Peninsula - 118; Central East - 26; Central West - 4; Labrador - 10; and West Coast/Northern Peninsula - 19.

departmental review

Over the last two years IBRD undertook a review of its funding programs, as committed to in the department's 2011-14 Strategic Plan. This review, together with the informal consultation with key stakeholders and staff feedback, indicated that the Department's suite of programs needed to be retooled. The results are outlined in Appendix A of this report.



highlights and accomplishments

The Department of Innovation, Business and Rural Development provides financial and non-financial support to small and medium-sized enterprises (SME) and development organizations to stimulate economic and employment development within the province. It is responsible for supporting economic activity in the province. Some of the key initiatives, projects and highlights of the Department for the 2012-13 fiscal year are stated below.

Trade and Investment Branch

Fiscal year 2012-13 was a pivotal time for the Trade and Investment Branch. The branch has undertaken internal integration; renewed relationships; shared insight with external partners within the provincial, pan-Atlantic and national landscape; and heightened exploration into high growth emerging markets.

Focused on the strategic direction of “Business Promotion, Trade and Investment Development,” the Trade and Investment Branch fostered international business development through its five divisions: Trade and Export Development, Trade Policy, Investment Attraction, Air Access Strategy, and Marketing and Enterprise Outreach. The branch’s work spanned a wide

range of activities, such as preparing companies to export their goods and services; facilitating technology and knowledge transfer; identifying strategic partnerships; encouraging investment attraction; connecting venture and angel capital with investment opportunities; promoting the province as an attractive place to do business; and advancing the Provincial Government’s interests in the negotiation of domestic and international trade agreements.

NL position in Emerging Markets. In 2012-13, the Provincial Government heightened its focus on exploring the high growth, emerging markets of Brazil, India and China and the commitment was reiterated in the Speech from the Throne. IBRD’s efforts in tapping the opportunities in these emerging markets included market research, opportunity mapping, partner identification and incoming and outgoing trade missions.

The Department’s international business development activities assist companies to succeed abroad by reducing the risk associated with “doing it alone.” In 2012-13, Newfoundland and Labrador worked with the other Atlantic Provinces via the Federal/Provincial International Business Development Agreement to promote the four provinces and facilitate future international business development for the region in



specific emerging markets. This effort has a common goal with a shared role that can be best optimized together.

Brazil - It is one of the fastest growing major economies in the world. Its booming shipbuilding, mining, offshore oil and gas and infrastructure projects have the attention of the world. In September, nine Newfoundland and Labrador companies and organizations participated in a pan-Atlantic trade mission to Rio de Janeiro for the 2012 Rio Oil and Gas Expo and Conference. Twenty three Atlantic Canadian companies/organizations participated and had the opportunity to explore Brazil's thriving oil and gas sector and network with industry leaders. Also in September, OceansAdvance, representing NL's ocean technology cluster, signed a Memorandum of Understanding (MOU) with Universidade Federal do Rio Grande of Rio Grande do Sul, Brazil. The MOU will facilitate collaboration on research and development, technical exchange and ocean technology transfer. Groundwork has been laid for other collaborative initiatives between provincial organizations and Brazilian academic institutions. A number of local companies



which participated in the Brazil market initiatives had already entered the market. Some chose agents in the market, while others actively pursued market entry and partnership opportunities in Brazil.

China - The Department worked with International

Business Development Agreement partners within Atlantic Canada to identify opportunities for Atlantic Canada in China. International Business Development Agreement-funded market research was commissioned to look into ocean technology opportunities. Early opportunity mapping was explored for the education and environmental sectors. The province also participated in a Council of the Federation trade mission to China.

India - The market highlights for India include market research and promotion. On the promotion front the Department, in partnership with Atlantic Canada Opportunities Agency (ACOA) and the other Atlantic Provinces, raised awareness of the Atlantic Provinces within India via two targeted publicity campaigns. The province played a critical role in the organization of these initiatives. In September 2012, Indian celebrity chef Vicky Ratnani toured the Atlantic Provinces and taped an episode in each province of a cooking and travel show for India's Good Times television channel. The second campaign involved UpperCrust, India's premiere food, wine and travel magazine, touring the Atlantic Provinces. Both campaigns profiled each of the four provinces, promoting the region's excellent regional cuisine, culture and seafood.

International Financial Institutions (IFI). Another opportunity newly facilitated by the Department, in partnership with the International Business Development Agreement (IBDA), was a business development mission to Washington, D.C. to learn about accessing work within International Financial Institution projects. In February, 12 Atlantic companies and organizations participated in a two-day briefing at the World Bank and Inter-American Development Bank to learn about best practices and procurement opportunities that are available through these and other IFIs. Delegates networked with industry leaders in Washington and Virginia, and met with key business executives and officials. This was the first time companies from the Atlantic Provinces had been exposed to IFI opportunities and partners. Participants were enthusiastic about the contacts and optimistic about their abilities to engage and compete for lucrative IFI contracts.

Heads of Mission. The Provincial Government participated in the Heads of Mission by welcoming 46 Foreign Heads of Mission, Economic Mission accredited to Canada. The Department of Foreign Affairs and International Trade (DFAIT) offers such a mission every year. Their two-day itinerary included presentations on the province's economy, tours of Memorial University and the Marine Institute, and visits to a number of

businesses in the St. John's area. Visitors were treated to a taste of Newfoundland and Labrador's unique culture with a tour of the Republic of Doyle set.

The mission was successful as Memorial University and the Marine Institute signed MOUs with institutions in a number of countries represented on the visit and are in discussion with other institutions regarding MOUs and international project bids to strengthen ongoing relationships. A tour and meeting at Provincial Aerospace Limited helped Provincial Aerospace Limited's bid to advance business in Trinidad and Tobago. The existing relationship with the Air Guard of the Trinidad and Tobago Defence Force and the visit of their ambassador to Provincial Aerospace played a role in advancing Canada's negotiations with respect to two Long-Range Multi-Mission Aircraft, as announced by the two Prime Ministers in April.

Investment Attraction. In 2012-13, the Trade and Investment Branch refined its approach to investment attraction to include the attraction of private capital (such as venture capital) that is invested in NL-based growth-oriented companies; capital investment required to fuel continued expansion in sectors such as mining and oil and gas; external investment into an existing NL-based company to create a joint-venture; and the traditional attraction or expansion of an externally headquartered company into NL. This activity focuses on three key areas: assisting in the development of supply chains and increasing capacity within the province; targeting and enhancing growth sectors of the economy; and working with stakeholders to support the growth of clusters in regions that maintain a demonstrated competitive advantage: mining in western Labrador, ocean technology in the Northeast Avalon and information technology, aerospace and defence in Central.

Women in Business and Supplier Diversity. The Trade and Investment Branch collaborated with the Newfoundland and Labrador Organization of Women Entrepreneurs (NLOWE) to assist women-owned businesses to expand into the U.S. market, using supplier diversity as a market entry tool. The Department also assisted women-owned businesses to attend conferences and participate in business development missions. NL companies successfully built relationships with potential partners and identified distributors and contact points, leveraging supplier diversity as a business development tool.

Extending our Culture Beyond our Shores: In 2012-13, IBRD partnered with the Newfoundland and Labrador Film Development Corporation (NLFDC) and ACOA to

provide opportunities for NL film and television producers to meet with high profile, Los Angeles-based producers, distributors, broadcasters, casting agents and financiers to discuss potential business opportunities and partnerships. In June 2012, ten emerging and developing producers participated in the Producer's Guild of America conference and business-to-business matchmaking. In March 2013, six established film and television producers participated in an international business development mission in the Los Angeles market. The mission focused on new relationships that could solidify the NL companies' profiles and lead to substantial new business. Participants felt that these activities helped to expand their reach in the industry, in international sales and distribution and in potential production.

Trade Policy. The Provincial Government continued its robust engagement with the Federal and other Provincial and Territorial Governments on the negotiation of new international trade and economic agreements, including the Canada-European Union Comprehensive Economic and Trade Agreement, the Canada-India Comprehensive Economic Partnership Agreement, the Canada-Japan Comprehensive Economic Partnership Agreement and the Trans-Pacific Partnership Free Trade Agreement. The province also continued to work closely with Federal and other Provincial and Territorial Governments on improvements to the Agreement on Internal Trade (AIT) to eliminate barriers to inter-jurisdictional trade and labour mobility in Canada. In 2012-13, AIT parties moved closer to introducing a new person-to-government dispute resolution mechanism.

Ocean Technology Branch

The Ocean Technology Branch was formed in 2012, with a mandate to grow the ocean technology cluster in the province and is responsible for the Government of Newfoundland and Labrador's Arctic Opportunities Initiative.

Focused on the strategic direction of "Innovation," the Branch facilitates and promotes the development of the ocean technology cluster in Newfoundland and Labrador through a multi-faceted approach. It has provided assistance to Memorial University, the Marine Institute and the College of the North Atlantic for projects that facilitate technology development and commercialization, applied industrial research and capacity building. The Ocean Technology Branch has supported projects that engage youth and connect them to ocean science and



technology at an early age. The branch has also provided growing ocean technology firms with financial support to help them access new markets and deliver new products and services. It has provided business mentoring to start-up firms in the ocean technology sector. Finally, the Ocean Technology Branch has worked with internal and external stakeholders to market and promote the ocean technology cluster.

Arctic Opportunities Initiative. The goal of this initiative is to create awareness that Newfoundland and Labrador is an ideal staging ground for Arctic-related activities with resident expertise supporting Arctic opportunities. IBRD held a series of six engagement sessions across the province to identify areas of opportunity and challenges in the Arctic. The sessions also promoted the role of the Provincial Government in advancing Arctic opportunities. To further support and foster Newfoundland and Labrador's status as a centre of excellence in Arctic research and development, IBRD provided funding to public and private sector projects. IBRD representation in conferences and trade shows and its support for local events are important elements of meeting this goal. In 2012-13, IBRD participated in and sponsored several local and international Arctic-themed conferences, including Arctic Oil and Gas North

America; Expo Labrador; Arctic Technology Conference; Northern Exposure, Labrador Opportunity Conference; and Tradeshow and Polar Shipping Summit.

NewfoundOcean. NewfoundOcean is an exciting and unique ocean technology mentoring event that was hosted in March, 2013, by the Newfoundland and Labrador Association of Technology Industries (NATI) in partnership with IBRD and ACOA. Six growing firms from the provincial ocean technology cluster showcased their innovative ocean and marine science and technology products and services to a collection of leading international mentors experienced in ocean technology, venture capital and entrepreneurship. The business mentors came from across Canada, the United States, the United Kingdom, Ireland and Brazil to advise and guide companies and prepare them for future growth.

Collaborative Research Framework. IBRD and ACOA facilitated the development of a framework for collaborative research within the ocean technology cluster. One of the greatest challenges facing the local ocean technology community is the innovation pipeline - the ability for private sector firms to create and/or access new intellectual property and new workers. In order to address this challenge, a group of private

sector firms have agreed to cooperate on joint research projects. While the initial research team intends to focus on specific area of signal processing (the underlying technology behind sonar and radar applications), this framework can be adopted for use in any technology area.

Innovation and Strategic Industries Branch

In keeping with the strategic direction of “Innovation,” the branch is responsible for delivering the province’s innovation strategy and for the growth of the strategic sectors. Since its launch in 2006, Newfoundland and Labrador’s first innovation strategy, Innovation Newfoundland and Labrador: A Blueprint for Prosperity, has guided Provincial Government investments in private sector enterprises, educational institutions and key infrastructure. Some of the successes stemming from the strategy include an increase in the province’s telecommunications capacity, the creation of the Research & Development Corporation and the establishment of the Craig L. Dobbin Genetic Research Centre.

Technology Utilization Program. Through this program the Department provided funding to companies for innovation and technology development. Companies benefit from the increased technology that they acquire to improve operational efficiencies as well as to boost their capacity for greater innovation and competitiveness. The Department issued a Call for Expressions of Interest for the Technology Utilization Program on September 7, 2012, that closed on October 10, 2012. The call was delivered as a two stage process: Stage one was the submission of an Expression of Interest and Stage two invited successful applicants to submit an application and supporting documentation. The call received 80 Expressions of Interest of which ten projects were invited to participate in Stage two and were approved for a total of \$480,129.

Global Travel Program. Through the Global Travel support program IBRD assisted companies in all sectors applying for travel support when entering the international marketplace. The program provided funding of \$245,000 to support 61 companies and organizations in 2012-13.

Rural Broadband Initiative. The Department allocated \$2 million for the Rural Broadband Initiative to help

address gaps in broadband availability in un-served areas of the province and to address the economic and social challenges faced by communities that lack reasonable and affordable access to broadband services.

Green Economy. The Government of Newfoundland and Labrador through IBRD released a report in 2012 on the province’s green economy, which provides an overview of the province’s green sectors and analyzes activities and current and potential opportunities in the province’s green economy. IBRD developed a website, nlgreeneconomy.ca, to assist local SMEs and their supporting agencies. This website presents sustainability practices that provide clients with the green tools, programs and resources necessary to take advantage of green opportunities. This can help businesses increase profitability, improve performance and become more competitive. IBRD is actively exploring other initiatives that support businesses in the local, national and international green economies.

Lean and Green Training. IBRD worked with Canadian Manufacturers & Exporters to conduct Lean and Green training for front line staff, which will give them the skills necessary to recognize short and long-term savings. As part of this training, six waste walks were held at businesses located around the province. These sessions helped local enterprises recognize processes that can eliminate waste and positively impact profitability. Also, moving towards environmental sustainability will encourage employees to contribute ideas that can improve waste elimination processes, increase revenues and enhance competitiveness in their businesses.

Counseling and Workshops. Innovation and Strategic Industries Branch worked with clients to provide one-on-one business counseling and services like the Business Retention and Expansion (BR&E). Staff worked with groups and organizations supporting regional industry development, delivering information sessions and workshops throughout the province. The purpose of these sessions was to build clients’ business and marketing skills and knowledge in order to enhance their competitiveness. Other sessions promoted opportunities within sectors and provided information to regional groups that support sector development in their areas. Specific workshops during the year included Lean manufacturing, Intellectual Property, pricing, promotion and marketing.



Supplier Development Program. Through the Supplier Development Program, IBRD delivered information sessions, events and webinars to help provincial businesses learn about procurement processes and pre-bid requirements to assist them in bidding on tenders issued by the Provincial and Federal Governments and private sector firms operating in key sectors throughout the province.

International Supply Chains. In 2012-13, IBRD met with 26 companies to help them gain access to major international supply chains in relation to the federal Industrial and Regional Benefits (IRB) program. As projects unfold there will be further linkages with major prime contractors and interventions using departmental programs and services may be applied.

Bombardier's Industrial Benefits Agreement. The division met with Bombardier Inc. to promote supplier development under Bombardier's Industrial Benefits Agreement (IBA) and to leverage opportunities for local companies. As a result, five companies were targeted for further consideration and are currently pursuing contracts in Bombardier's global supply chain.

DEFSEC and CANSEC Conferences. The division also attended the annual Canadian Defence Security and Aerospace Exhibition (DEFSEC) and the Canadian Security Exhibition Conference (CANSEC) to promote the province's SMEs to the prime contractors involved in major federal procurement, which includes the National Shipbuilding Procurement Strategy. During the DEFSEC conference, eight one-to-one meetings were held with IRB contractors and suppliers to facilitate networking and matchmaking. The CANSEC conference informed the Department about the supply chain requirements for various projects and where SMEs should aim for within the supply chain.

Lean training. IBRD facilitated the formation of three new Lean training groups and continued to provide support to two established Lean business networks. The Lean training groups encompass all areas of the province: Western, Northern, Eastern, Central and the Avalon. Lean training and capacity building were provided to over 300 employees. Several information sessions and conferences with regards to Lean Training, Lean and Green Waste Walks and Financing were held by IBRD to support industry. Uptake on these sessions and the conferences was positive, with several key stakeholder initiatives being linked to these sessions.

Sectors. IBRD supported the manufacturing sector with a focus on four core areas of industry development: diversity, innovation, collaboration and best practices. To support the companies and sustain a strong and diverse manufacturing sector, IBRD promoted best practices to companies that produce high value goods and services. This was provided through two main initiatives: conferences and information sessions and direct industry training initiatives.

In 2012, IBRD worked with industry partners to develop a craft sector profile and inform sector strategy. The Craft Industry Development Program was fully subscribed in 2012-13 and over \$400,000 was invested in 2012-13 to develop both the overall sector and individual enterprises within the sector.

Regional Economic Development Branch

The Branch's responsibilities and activities under the strategic directions of "Regional Diversification and Industry Growth" and "Small and Medium-sized Enterprise Business Supports" span many sectors and engage staff in a range of regional development and business support activities. IBRD supports the diversification of the economy on a provincial and regional basis with particular attention to rural areas. Regional objectives are targeted at reassessing and prioritizing growth opportunities and identifying the economic infrastructure investments most critical for regional and sectoral growth. Through various programs and services, delivered through the 22 regional and field offices, the Department continues to support capacity building, ongoing project development and implementation.

While IBRD consists of four distinct branches, which deliver across two primary business lines, the Business Retention and Expansion (BR&E) program, opportunity management and capacity building initiatives exemplify the strong interplay amongst staff of all branches. The decentralized structure and improved regionalized program delivery of the Department stemming from ongoing review processes have strengthened IBRD's capacity to identify key client groups and provide a full suite of program and counseling services. Whether it is working with municipalities, developmental groups, small business operators, industry representatives or post-secondary institutions, the regional office network is able to co-ordinate and provide opportunity assessment



and project management expertise to a vast number of client groups. Though staff deliver programs to both non-commercial and commercial clients, there is a strong focus on ensuring that non-commercial activity ultimately results in either direct or indirect commercial activity at some identifiable point. The ultimate goal of the Department is to build strong communities and regions by expanding the employment base through increased commercial activity.

IBRD staff utilize the BR&E process, as well as Opportunity Management (OM), to inform new ideas, identify gaps and assess initiatives. OM is a collaborative approach to business development. It is a process to identify business and community development opportunities that can be implemented to sustain or improve the local economy. BR&E is a business counseling process used by staff to proactively help clients address barriers impacting their operations and to help identify opportunities for expansion. Firms are interviewed by trained counselors using a 75 question diagnostic interview guide to uncover issues. These business counselors then provide a follow-up guide or action plan, outlining alternatives/

recommendations, and provide client aftercare to enable identified action items.

IBRD implemented a pilot BR&E process which demonstrated that the BR&E assessment process could be implemented on a cluster of businesses in a short period of time. It also highlighted that the Department can work one-on-one with clients in a business counseling role, while at the same time collect data and work with the sector organizations to develop an action plan to address any common issues or barriers.

Signing of MOU with Newfoundland-Labrador Federation of Co-operatives. The role of co-operatives in the Provincial Government's economic and business development agenda has been strengthened with the signing of a second MOU with the Newfoundland-Labrador Federation of Co-operatives (NLFC) in September, 2012. The new MOU is an action-oriented agreement that re-affirms working relationships between the two parties, promotes co-operative opportunities for youth and identification and development opportunities for industry sectors. The new agreement applies best

practices stemming from the first MOU and adds value to the co-operative development process.

Regional Developers' Network. The Regional Developers' Network (RDN) has continued under the new MOU and is the focal point of the new co-operative development approach. The role of government in co-op development is to ensure that communities have good information and assistance with developing their own co-ops. The RDN is comprised of seven IBRD staff, which includes one individual in each region. It functions as the first point of contact at the community level to respond to requests for co-operative information and development advice.

IBRD and the NLFC recognise that to be effective the RDN must have the knowledge and skills necessary to address requests for assistance and the resources necessary to respond. Building an effective network, therefore, becomes an important priority. The network holds quarterly provincial meetings and monthly conference calls to share information and participate in co-operative training and orientation activities. They are provided with co-operative development resource materials and have direct access to the NLFC, who provide secondary support services to assist them in responding to requests for assistance in their regions. The NLFC supports the efforts of the RDN in a technical and advisory capacity.

As a result of RDN operations, the level of co-operative development activity in the province has increased significantly since the IBRD/NLFC partnership was established. This success was achieved by combining the NLFC's existing co-operative development knowledge and expertise with IBRD's existing resource capabilities to develop and deliver a new co-operative development support program.

Business Analysis Branch

In line with the strategic direction of "Business, Industry and Economic Intelligence," the Business Analysis Branch supports the effective functioning of other branches of the Department. It is responsible for assessing and providing recommendations on projects under various key funding programs. This includes research into and evaluation of various industries and market opportunities, the development of best practices for analysis and participation in working groups and committees. The branch reviewed existing policies and procedures to evaluate the efficiency and effectiveness of analysis

provided to the Department. It focused on continuous quality improvement in due diligence to ensure that the advice and support provided to the Department and throughout Government supported informative and sound decision making. The branch implemented best practices for the evaluation of funding programs and promoted cross training of due diligence processes under various funding programs for both staff and management.

In addition to business analysis improvements, the branch worked to promote teamwork and communications with all branches as an important component of the Department's effectiveness.

Program Enhancement. During 2012-13, the branch continued to review and evaluate funding requests under various programs and make recommendations with a view to better serve existing clients and to broaden the range of clients. The analysis process requires the branch to understand each program, which provides a built-in opportunity to evaluate program effectiveness and identify opportunities for enhanced client service delivery. The branch reviewed the enhancements made under the Fisheries Loan Guarantee Program (FLGP) and continued to improve best practices to more effectively reflect the spirit and intent of the enhanced program. To improve accessibility to the program by harvesters and facilitate rationalization in the harvesting sector, this program was enhanced as of June 1st, 2012. Business Analysis participated in a series of meetings and consultations with key stakeholders, including representatives of the fishing industry, financial institutions, and relevant government departments. During 2012-13, the Business Analysis Branch provided an analysis of 18 loans under FLGP, with a total amount guaranteed of \$14,064,944. This represented a significant uptake from the previous fiscal year's results, which saw four guarantees approved. The branch worked very closely with financial institutions and government partners to ensure that this success continues.

EDGE Evaluation. The branch continued to evaluate the Economic Diversification and Growth Enterprises (EDGE) program. This process began during fiscal year 2011-12. Recommendations were developed to improve the marketability and administration of the program to support a competitive business environment. During 2012-13 these recommendations were reviewed in a more holistic manner at the departmental level to recommend enhancements that support business competitiveness in addition to program-specific recommendations.



shared commitments

IBRD collaborates extensively with federal, provincial and municipal agencies and departments on various economic issues and initiatives. Several of these initiatives are discussed below.

Trade and Investment Branch

The integrative nature of international business development requires strong, knowledgeable partnerships within the province, with the Federal Government and other Provincial/Territorial Governments and with international governments and stakeholders.

The provincial industry associations and development agencies play a key role in the development and delivery of trade and investment initiatives. These partners include:

- NL Association of Technology Industries (NATI);
- NL Organization of Women Entrepreneurs (NLOWE);
- OceansAdvance, Canadian Manufacturers & Exporters (CME);
- NL Oil & Gas Industries Association (NOIA);
- Aerospace and Defense Industry Association of NL;
- Atlantic Canada Venture Gateway;
- ACOA NL; and
- Community Business Development Corporation (CBDC).

Recognizing the importance of working together strategically, and having significant resources and expertise in international business development,

- IBRD and ACOA developed a joint work plan for identifying priority markets.
- IBRD collaborates on the International Business Development Agreement, a \$10 million funding agreement between the four Atlantic Provinces
- The branch and its clients participate in the SEUS-CP annual conference, which provides a forum to connect businesses and promote economic development.
- The branch partnered with the Intergovernmental and Aboriginal Affairs Secretariat to facilitate the Premier's participation in a Council of the Federation mission to China.
- The branch maintains relationship with the Federal Department of Foreign Affairs and International Trade. This is important in the negotiation of international trade agreements,



such as the ongoing Canada-European Union negotiation, and is also critical to the Provincial Government's ability to assist local companies in the resolution of trade barriers.

Ocean Technology Branch

The Ocean Technology Branch of IBRD is the lead organizer for the Ocean Technology Policy Council, which is comprised of executives from IBRD, ACOA, RDC, Advanced Education and Skills (AES), National Research Council (NRC) and Industry Canada (IC). The branch has a key role in the planning for the internationally-recognized Oceans 2014 MTS/IEE Conference and Trade Show, to be held in St John's in September 2014.

To promote enhancements in the ocean technology sector, staff collaborated with the Office of Public Engagement to lead and/or participate in a number of stakeholder engagement sessions including:



- Arctic Opportunities Initiative Working Group;
- Provincial Coastal and Oceans Network (PCON);
- Canada Newfoundland and Labrador Committee on Oceans Management (CNLCOM);
- Regional Oversight Committee on Oceans Management (ROCOM);
- IBDA Working Group on Ocean Technology;
- OceansAdvance Board of Directors;
- Oceans 2014 Local Organizing Committee;
- Genesis Centre Working Group on Ocean Technology;
- Marine Technology Society (NL Chapter);
- SmartBay sustainability working group.

As well, IBRD continues to work with relevant stakeholders to ensure Newfoundland and Labrador companies are given fair and equal access to opportunities available through the National Shipbuilding Procurement Program.

Innovation and Strategic Industries Branch

The branch collaborates with private and public sector partners and industry associations.

Partners and projects included:

- the Federal Government - to deliver supplier development sessions on public sector procurement and the bidding process;
- Canadian Manufacturers & Exporters (CME), ACOA, the NRC, the Research and Development Council and the Business Development Bank of Canada - to deliver Manufacturing Insights Conferences/Information Sessions and Innovation Insights and Best Practice plant tours, each focused on building capacity and innovation within industry;
- the International Business Development Agreement (IBDA) life sciences sector working group - a government and industry working committee that plans and implements pan-Atlantic sector initiatives; and
- ACOA- to cost share on a Craft Industry Development Program.

As part of a new funding commitment from IBRD, the Aerospace and Defence Industry Association of Newfoundland and Labrador addressed labour market challenges in this highly skilled sector. The Association will take a leadership role in working with other industry associations, the Provincial Government and academic institutions to implement a coordinated, integrated and directed learning and career development system. This approach will help youth access career information and make early career decisions that provide the motivation for accessing education and training in this sector.

In partnership with NATI the branch organized the 2012 Incoming Bio-Partnering Trade Mission and Bio Workshop and collaborated with stakeholders on several trade and business initiatives, including “Bio 2012” and the “World Congress on Industrial Biotechnology.”

In partnership with the Newfoundland and Labrador Environmental Industries Association (NEIA), the Office of Climate Change, Energy Efficiency and Emissions Trading (CCEET) and the Innovation Committee of the Strategic Partnership (SP) IBRD engaged local businesses, municipal groups, educational institutions and regional associations to raise the level of awareness and to garner a better understanding of the rural opportunities in the province’s green economy.

IBRD also collaborated with the Department of Tourism, Culture and Recreation (TCR) to develop an Économusée on the Burin Peninsula, which would integrate craft and tourism opportunities in the region. As well, the strategic division worked with TCR to capitalize on tourism



opportunities on the Bonavista Peninsula. TCR was also engaged to present at the “Wholesale Craft Show and Seminar Series” on opportunities for craft producers in the growing tourism sector.

Regional Economic Development Branch

Economic development requires a collective effort, for which the Department works with many regional and provincial stakeholders including municipalities, businesses, chambers of commerce, industry associations and other economic development organizations. In cooperation with these partners, the Regional Economic Development Branch staff participate

in many regional and provincial planning committees, as well as provide funding supports for implementation of initiatives.

Municipalities. Many IBRD programs were utilized by municipalities for economic development initiatives throughout Newfoundland and Labrador. Through RSDF, IBRD approved \$600,000 for 18 municipality-led initiatives. IBRD participated in Municipalities Newfoundland and Labrador (MNL) Urban Municipal Summit Committee for the planning of a two day session for 20 urban municipalities discussing economic development. IBRD representatives offered suggestions on ways that IBRD can partner with municipalities to ensure ongoing planning and identification of quality economic development initiatives.

Labrador West Task Force. Regional circumstances often require specific responses to deal with challenges as well as identify opportunities. For example, immense growth in Labrador West offers communities many opportunities for the future but also puts immediate attention on certain issues that need to be addressed. The Labrador West Task Force was formed to identify solutions and is a collaboration of community, business and government. The group includes senior officials of the mining companies in Labrador West, a variety of Provincial Government departments including IBRD, the Federal Government and mayors representing the towns affected.

Regions. In Western region, regional office staff are represented on a number of provincial bodies, which consist of combinations of provincial, federal, post-secondary institute or private sector representation. They range from the Agriculture & Agri-food Development Fund management committee, Forest Industry Diversification management committee, Marble Mountain Development Corporation, Cultural Blueprint Steering Committee to the Grenfell College – DNR Environmental Research committee. Staff play a key project management role. There are numerous interactions between these agencies and the business sector in exploring opportunities for diversification and industrial expansion.

In Central region, robust aquaculture and agri-food industries have emerged. Whether in the commercial cranberry or fish grow-out sectors opportunities have been identified and regional staff play a key role in working with all associated partners to position these ventures as sources of employment and commercial growth.

Eastern region has experienced vigorous growth across many sectors, particularly in oil and gas and the cultural tourism sectors. Eastern region staff play a pivotal role in coordinating with all partners, ranging from senior industry officials to municipal and developmental agency stakeholders. Numerous departmental activities and initiatives have evolved from these working partnerships.

Avalon region is by far the most diversified region in the province. It has a mix of urban and rural-based activity ranging from traditional industries to advanced technology development. It has diverse key stakeholders consisting of industry, post-secondary, Provincial and Federal Governments as well as oil and gas, oceans technology, tourism and a large number of other key sector players. The Department's partnership with these stakeholders

is critical to advance economic development initiatives in this region.

Atlantic Workforce Partnership. In June 2012, the Atlantic Workforce Partnership was created by the Council of Atlantic Premiers. The partnership is intended to address skills deficits, enhance training and apprenticeship, recruit and retain immigrants and fill supply chain gaps. A steering committee was established consisting of deputy ministers of provincial government responsible for skilled labour and economic development. IBRD's Deputy Minister is a member of the steering committee, overseeing the implementation of priorities. IBRD officials contribute to the formulation of the work plan and its implementation.

Additional collaborative activities.

- IBRD participates in the implementation of the *Poverty Reduction Strategy (PRS)*, its programs and the development of the evaluation framework for PRS.
- IBRD staff reviewed and provided input on 63 development projects registered under the Environmental Assessment Process.
- IBRD provided representation on the provincial Tourism Board, which works to guide the Province's tourism industry to reach the goals outlined in the tourism vision for Newfoundland and Labrador, *Uncommon Potential*.

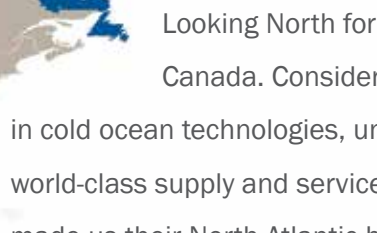
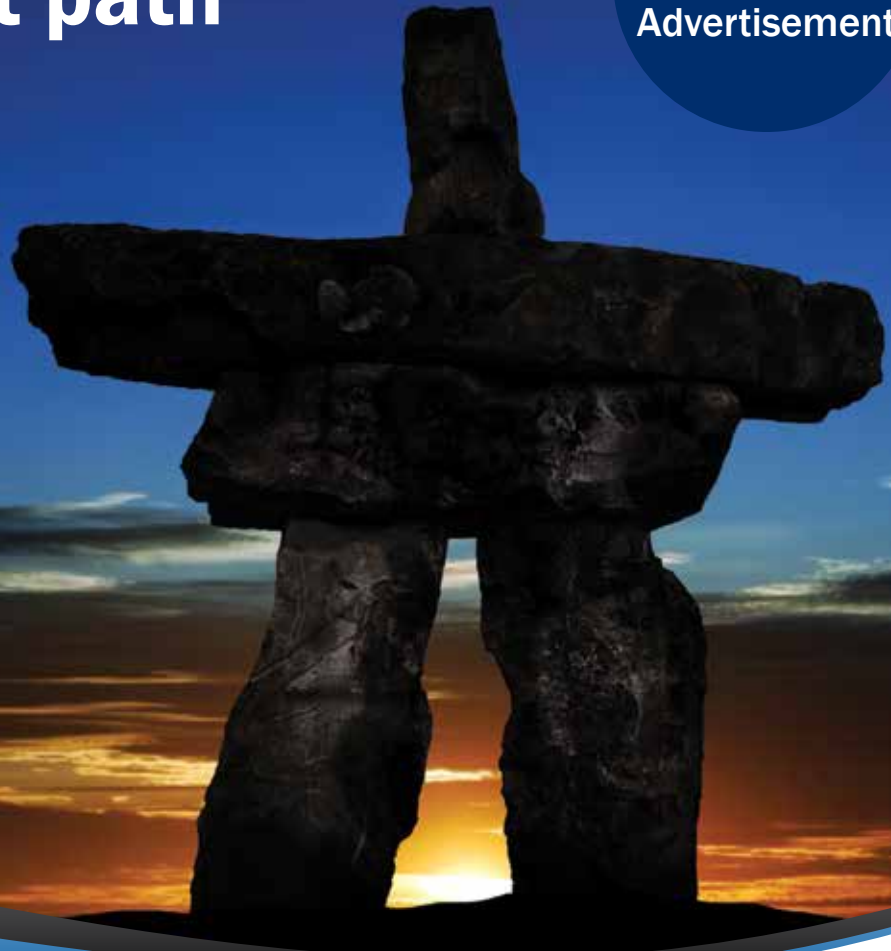
Business Analysis Branch

The Business Analysis Branch provides financial analysis and advisory services to ensure that due diligence is undertaken on all IBRD funded projects and loans. This includes interactions with the Federal Government, various departments across the Provincial Government and branches within IBRD, as well as with lending institutions. The branch assesses funding proposals on behalf of the Department of Fisheries & Aquaculture (DFA), under the Aquaculture Capital Equity Investment Program and other funding requests/projects as required.

The branch has representation on various boards and committees including Business Investment Corporation, EDGE, Immigrant Investment Fund, Newfoundland Ocean Enterprises Limited and Newfoundland Hardwoods Limited.

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report on performance

IBRD's economic programs and services are vital for the Department to deliver on its mandate and the strategic directions of Government and to bring economic growth to all regions of the province. The Department administers its commercial and non-commercial funding programs to support businesses which in turn impact communities and regions. The Department has made significant progress towards addressing the issues of Business Competitiveness and Regional Sustainability that are the priority issues in the IBRD's Strategic Plan, 2011-14. This section of the annual report covers key initiatives and projects that were important in addressing the issues, progress on strategic directions and achievement of 2012-13 objectives.

IBRD Strategic Directions:

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

In today's fast-changing world, industries are becoming more advanced and competitive. To keep up with advancing global standards, Newfoundland and Labrador companies have to offer competitive solutions to clients. Companies have to do more with less, have to understand their core competencies and adopt a forward-thinking and flexible approach that addresses the changing marketplace. It is about understanding the competition, adopting best practices and techniques, forging crucial partnerships and identifying new opportunities and markets to gain a competitive advantage.

At IBRD, we understand the importance of helping to make companies become better equipped to face competition globally. To this end we have undertaken initiatives that strengthen the development and competitiveness of the business community in three distinct ways: (1) by strengthening individual business capacity; (2) by helping businesses identify and access new market opportunities; and (3) by ensuring that we continue to provide flexible and relevant business programs to the community.

IBRD also makes significant investments in trade and export-related activities such as trade missions and trade shows to increase the business community's ability to target and access new export opportunities internationally, while providing support to firms to mitigate the risks involved in navigating and competing for these opportunities. Our services include export training and awareness sessions, with value-added features such as assessing market potential, preparing for international markets, market entry and problem resolution. With IBRD's assistance local businesses are better positioned to develop and commercialize high-quality products, enabling them to expand their market reach.

Issue 1: Business Competitiveness

GOAL:

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

OBJECTIVE:

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

MEASURE:

Support provided.

INDICATOR 1:

Provided skills development, training, and information sessions to businesses/clients to help them access market opportunities.

- In 2012-13, the Department delivered 23 information sessions regarding market opportunities, export preparedness and tradeshow training to its clients across all sectors. Through exporting workshops, those clients new to exporting were informed of market opportunities, market entry strategies, timelines, market research, export planning and preparation for selling products and services abroad.
- Information sessions specific to market opportunities were provided through the Export Discovery Series. Seven sessions featuring in-market speakers and market research were offered for the following markets: Brazil, India, China, the United Kingdom, Latin America/the Caribbean and the United States.
- Export readiness training was facilitated by the Department to assist sector groups prepare for their participation in Department supported in-market and incoming International Business Development activities.
- Staff conducted supplier information and networking events focused on sector-specific opportunities in the oil and gas, mining and energy sectors. A supplier development session at Expo Labrador provided insight into the public sector procurement process and supply opportunities in this sector. IBRD also facilitated the development and delivery of Lean manufacturing and best practices training.
- IBRD, through its participation in the Atlantic Supplier Development Team, hosted the 2012 Atlantic Provinces Reverse Trade Show in St. John's. This event provided local businesses with the opportunity to explore the public sector market outside of their home province. Businesses had the opportunity to meet with key buyers in the Provincial, Federal, Municipal and Atlantic Governments as well as the broader provincial public sector. Two educational workshops were also held during this event.
- IBRD supported companies and clients through the Workplace Skills Enhancement Program (WSEP) to train employees to improve productivity and global competitiveness. Through this program the Department made financial investment of \$1,874,000, funding 89 projects, which benefited 1,110 participants.
- The financial investment by region was Avalon - \$108,000, Eastern - \$275,000, Central - \$263,000, Western - \$81,000, Labrador - \$16,000, Pan Provincial - \$1,131,000. Total - \$1,874,000.

Some key examples of WSEP funding are: \$42,000 to the Burton's Cove Logging and Lumber in western region to provide training to 11 employees to upgrade their skills to operate the new equipment and increase the production of lumber; and \$49,884 was provided to Smiths Snacks in eastern region. The company realized that to increase revenue they had to be innovative and create new products. Approximately ten employees were trained to create or manufacture new products.

INDICATOR 2:

Provided support to clients to assist them in identifying and accessing market opportunities.

The Trade and Export Development Division of IBRD assisted clients through a range of international business development counseling services and financial programs including:

- client participation in Department-led activities in priority markets around the world,
- local business networks initiatives to strengthen international business development and
- clients' strategic international marketing and business development expertise and readiness.

From market information sessions and market research to incoming international buyer missions and heads of missions and export diagnostics and travel assistance, a wide array of international business development services and financial investments were provided to IBRD clients.

The Department worked directly with clients to assess their companies' overall levels of export-readiness. The assessment provided opportunities to explore exporting as a growth strategy and to discuss possible training and mentoring required by the client, resources required from a time and financial commitment and managing the risks associated with exporting.

IBRD facilitated national and international marketing opportunities and organized trade mission for companies. IBRD's financial investment of \$245,000, through Global Travel, allowed 61 companies and organizations to access market opportunities. Clients were also assisted through Crafts Industry Development Program (CIDP) funding to access training opportunities such as professional and technical skills development.

IBRD undertook many other initiatives to assist in opening new markets for clients including providing market information and sector reports to clients through newsletters, participating in discussions to advance the options of businesswomen and partnering in the development of a guide to selling to governments in Atlantic Canada.

It also provided support to a number of aerospace and defence companies, introducing them into the supply chain of major international aerospace firms and connecting NL companies with Bombardier supply chain personnel to increase the number of NL firms benefiting from the Industrial Benefits agreement with the province.

INDICATOR 3:

Supported clients using Business Retention and Expansion process

The Business Retention and Expansion (BR&E) process ensures regular monitoring and follow-up with clients to provide long-term aftercare geared towards retention and growth.

IBRD undertook two pilot projects that utilized BR&E as a new sector approach involving industry partners externally. Internally, it incorporated client support from field Economic Development Officers, enterprise specialists and sector specialists in the BR&E process from the interview stage and through the development of action plans to long-term aftercare.

The external initiative involved working with multiple industry partners to implement a two-phase tourism industry pilot program that included the identification of twenty clients to complete the BR&E process. The internal initiative saw the partnering of two divisions within IBRD to study the provincial craft sector. Twenty five operations were targeted.

These initiatives demonstrated that the BR&E process could be implemented on a cluster of businesses, in a short time. This new approach helped individual clients identify barriers as well as highlight the advantages of working with sector/industry organizations to identify common barriers. These pilot projects formed the basis of a new sector approach for BR&E.

In 2012-13, through BR&E, 60 interviews were completed and 51 follow-up action plans were provided. In addition to regular BR&E activities, the new sector approach will see approximately 194 additional businesses targeted, bringing the sum to 344 business targets.

INDICATOR 4:

Financial investments made through IBRD's Trade and Investment programs to support business and market development.

The Department funded companies to attend 26 International Business Development missions or sector specific trade shows.

Of the participating companies, 77 received the Department's International Travel Assistance Program funding to financially assist them in attending these in-market activities, with a number of companies having chosen to participate in multiple activities. As well, other funding sources such as Global Travel and Business Market Development Program were utilized. It is estimated that as many as 100 different companies travelled on Department-led activities to various markets.

Further financial investments were made by the Department to assist business networks throughout the province in their international business development goals. Three business networks in the areas of export development for women in business and incoming buyers' missions for ocean technology and culture sectors were funded in fiscal 2012-13.

IBRD attracted Desire2Learn, an Ontario-based global leader in e-learning solutions to the province. The company specializes in developing e-learning and has more than 700 clients. Desire2Learn is committed to establishing a product development office in NL and build its local workforce to 35 employees over the next five years, further strengthening the province's information and communications technology (ICT) community.

INDICATOR 5:

Commenced assessment of current markets to determine continued relevance to the province's business community.

The Trade and Export Division of IBRD continued to assess its traditional and emerging markets of focus. While no new markets of focus were added to the Department's priority markets list, and no priority markets were retired, resources were rebalanced to direct more effort to three high growth markets: Brazil, China and India.

IBRD commissioned a report to identify ocean technology opportunities for Atlantic Canadian organizations in China. China's current five-year plan lays out a roadmap for its ocean technology-centered activities, including the creation of three Marine Economic Zones that are dedicated to the development of this sector. The resulting in-market analysis outlined existing opportunities and key contacts for Newfoundland and Labrador within this sector in China. The report was rolled out to industry stakeholders in 2012.

IBRD also conducted multi-sector market research in India to identify matching opportunities for the province in India. The education sector was identified as an immediate opportunity for the Newfoundland and Labrador business community and the research findings were promoted to the business community.

INDICATOR 6:

Emerging markets and potential markets arising from new trade agreements considered to determine relevant opportunities for the province.

The Provincial Government continued its robust engagement with the Federal and other Provincial/Territorial Governments on the negotiation of several new international trade and economic agreements in jurisdictions that align with the Department's newly assigned priority markets. These agreements include: the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Canada-India Comprehensive Economic Partnership Agreement.

The Trade Policy Division has collaborated with and coordinated the efforts of all Provincial Government departments and entities that could be affected by the negotiation of pan-Canadian and international trade commitments. In fiscal 2012-13, no new trade agreements were concluded. However, throughout ongoing negotiations market potential is continually examined. This assessment has informed the Provincial Government's negotiating positions with the Federal Government.

An emerging priority market for the Department is Brazil, with which Canada has a joint action plan that focuses on innovation in ocean technology, clean technology and green energy, ICT and life sciences.

IBRD increased its Ireland and UK in-market trade and professional development activity with assistance to more than twenty local companies. With the CETA, the Department will continue to focus on these regions, as well as explore other EU markets that may offer business opportunities for NL companies.

INDICATOR 7:

Commenced the development of a positioning and communications plan for the Ocean Technology Branch.

IBRD has commenced work towards developing the positioning and communications plan for the Ocean Technology Branch.

In 2012, IBRD created an Ocean Technology Branch, with the primary goal of creating an environment to ensure industry and supporting institutions maintain momentum and are well positioned in the competitive global knowledge-based economy. To this end a market opportunity analysis was completed by MT&L Public Relations. To build upon the results of their report, IBRD intends to secure the services of a qualified marketing and communications agency that will assist in developing a Positioning Strategy and Implementation Plan to effectively position the province as a global leader in the international ocean technology sector. A Request for Proposals has been drafted to this purpose.

INDICATOR 8:

Supported an environment for growth within the Ocean Technology sector.

IBRD supported private and public sector projects in the ocean technology sector by making financial investments through its programs like OceanTech Global, OceanTech Intelligence and entrepreneur stipends.

Ocean Technology - Disbursements by Region Fiscal Year 2012-13

Region	OceanTech Intelligence	Entrepreneur's Stipend	OceanTech Global
Avalon	\$1,919,075	\$517,500	\$17,568
Eastern	\$250,000	-	-
Central	\$250,000	-	-
Western	\$62,500	-	-
Labrador	-	-	-

Through the delivery of funding from the Atlantic Gateway initiative, the Department helped enhance and expand the SmartBay project beyond Placentia Bay. This Atlantic Gateway project will see the Marine Institute install new buoys off the strategic ports of St. John's, Corner Brook, Lewisporte and Port-aux-Basques, thereby creating a broad network of ocean information.

Financial and non-financial support was also provided to SubC Control, which has its main operations in Clarenville. SubC is one of the first ocean technology firms to emerge in the province that isn't based in the northeast Avalon area and is proving to be a model for other such firms.

In fiscal year 2012-13, IBRD funded the following projects under the Arctic Opportunities Initiatives:

- Memorial University – Arctic Conference;
- Memorial University – Upgrade to Faculty of Engineering's towing tank;
- Major Research Partnerships – SEAformatics project;
- Marine Institute's Centre for Marine Simulation – technology enhancement for dynamic positioning in ice and ROV integration; and
- Funding for stakeholders to participate in Arctic events.

IBRD's programs and services are meant to address the needs of businesses, not-for-profit organizations and industry associations. Our programs are essential tools that assist SMEs to enhance their productivity and increase their competitiveness in the global economy, ensuring a viable and strong business community and

economic environment. The Department strives to maintain programs and activities that are relevant to its clients and continually works to make them more flexible in order to benefit clients as they compete in the global economy.

Business Competitiveness

Objective for 2013-2014: By March 31, 2014, IBRD will have reviewed and evaluated select funding programs to ensure they are flexible and relevant.

1. Policy review completed for Business Attraction Funding Program.
2. Evaluation completed on enhancements to Fisheries Loan Guarantee Program (FLGP).
3. Recommendations for program enhancement presented to Economic Diversification Growth Enterprises Program (EDGE) Board.
4. Review completed on Business Investment Corporation loan portfolio.
5. Reviewed applications/proposals under the new IBRD programs.

Issue 2: Regional Sustainability:

IBRD provides support for the long term viability and sustainability of regional enterprises and organizations. It provides funding and business expertise on a broad range of regional proposals including requests for various types of funding, consideration for EDGE status and information for municipalities regarding participation in EDGE programs through exemptions from business and/or property tax, and assistance for fisherman through FLGP. All of these activities are important to regional sustainability in the province. By proactively addressing environmental issues, the Department is also helping businesses identify and capitalize on opportunities that support environmental sustainability.

Through working directly with businesses in the regions, as well as supporting economic development groups and industry associations in their regional efforts, IBRD has been encouraging businesses to stay in communities and contribute to their regions and helping organizations with regional development efforts that can benefit the whole sector.

Providing financial and non-financial supports to both commercial and non-commercial clients is important for developing ideas and building on opportunities. Through IBRD's Regional Sectoral Development Fund (RSDF) the Department made targeted investments emphasizing regional industrial development and creating linkages between industrial development and small business creation. RSDF supports regional development, creating priority sector strategies that create new opportunities and contribute to a strong business environment. RSDF investments in research, capacity building, marketing and infrastructure help sustain regions. Through these strategic supports, RSDF generates economic benefits for Newfoundland and Labrador and opportunities in a variety of strategic sectors.

IBRD recognizes the importance of the green economy and its impact on the sustainability of the regions. Environmental management is a long-term issue and it is vital that we realize the opportunities that exist as we develop strategies to grow the province's green economy across all industry sectors and regions. The promotion of the green economy by the Department focuses on the products, activities and processes that reduce non-renewable energy and raw materials consumption, as well as harmful emissions and their impact on the regions and environment.

Issue 2: Regional Sustainability

GOAL:

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

OBJECTIVE:

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

MEASURE:

Activities undertaken.

INDICATOR 1:

Undertaken round two of "Call for Proposals" in September 2012 for the Rural Broadband Initiative.

Round two of the Rural Broadband Initiative (RBI) was undertaken by the Department. Total funding of \$1.5 million was allocated to four companies to expand broadband access to more than 40 communities throughout the province. \$490,000 was allotted to Bell Aliant to extend service to the communities of Phillips Head, Point of Bay, Embree, Admiral's Cove, Brigus South, Horsechops, Point May, Forest Field and New Bridge, as well as some households in St. Joseph's; \$353,000 was allotted to Great Northern Wireless for the communities of Rocky Pond, Howley, Bonne Bay Pond South, Jackson's Arm, Sop's Arm and Pollard's Point; \$324,000 was provided to Bragg Communications Inc. (Eastlink) for Harbour Round, Brent's Cove, and Shoe Cove; and \$342,000 was provided to EION Inc. to provide service to 24 communities throughout the island.

INDICATOR 2:

Engaged regional stakeholders in the Arctic Opportunities Initiative.

In fiscal year 2012-13, IBRD continued its efforts under the Arctic Opportunities Initiative to identify Arctic opportunities, build local knowledge and capacity and create international awareness about the province's capabilities and expertise.

In the fall of 2012, a series of six engagement sessions were held across the province with more than 150 stakeholders from industry, industry associations, Academia and all levels of government. These sessions were successful in identifying areas of opportunity and challenges in the Arctic, as well as possible roles for the Provincial Government in advancing Arctic opportunities. The sessions clearly found that stakeholders see the Arctic as a region of emerging opportunity and consider Newfoundland and Labrador a hub for Arctic-related activities. Following the sessions, a private member's resolution was passed in the House of Assembly that supported the Arctic Opportunities Initiative and directed the development of a provincial Arctic action plan.

The Arctic remains a strategic priority for the Government of Newfoundland and Labrador. The Arctic Opportunities Initiative will focus on the development of a provincial action plan to outline the role of the Provincial Government in advancing Arctic opportunities.

INDICATOR 3:

Support provided to clients by IBRD to strengthen regional capacity.

The Community Capacity Building (CCB) program assists groups to enhance skills essential to regional economic planning, development and implementation. It provides funding to not-for-profit economic development organizations including municipalities, industry/sector groups, educational institutions and any other community-based organizations involved in economic development.

The objectives of the program are to enable community-based economic development organizations to assume the role of partners in regional economic development; to deliver a comprehensive orientation program designed to help build and shape communities; and to encourage collaboration and broad-based partnerships.

In 2012-13, IBRD presented 87 sessions to approximately 2,650 participants and contributed more than \$267,000.

Funding through the CCB program, by region is as follows: Avalon-\$42,381; Central-\$8,854; Eastern-\$10,655; Labrador-\$6,771; Western-\$28,587; Pan -Provincial-\$170,745.

Examples of CCB Program: IBRD supported training in organizations

- The Organizational Support Services Cooperative, a newly formed provincial co-op, held a Cooperative Development session for its board, current members and potential members to discuss the structure and objectives of the co-op as well as the role and benefits of membership.
- The Town of Botwood held an Opportunity Management Workshop with elected officials, town staff and government representatives as part of its process to identify sector opportunities in the community. This formal OM training began an ongoing process, which has furthered the involvement of IBRD staff over the past several months.
- Theatre Newfoundland Labrador (TNL) is a not-for-profit organization producing professional theatre on the province's west coast. In September 2012, they held a Board Governance and Strategic Planning session for their newly elected board members to review roles, responsibilities, by-laws, mandate and general governance. The session also involved a review and refreshment of the organization's Strategic Plan.
- The Irish Loop Chamber of Commerce held a Strategic Planning Session with its Board of Directors.

INDICATOR 4:

Financial investments made, including direct and leveraged funds, in regional economic development initiatives.

The Regional Sectoral Diversification Fund (RSDF) provided funding to not-for-profit organizations, municipalities and other community-based groups for the development and implementation of economic initiatives that address regional development. In 2012-13, the RSDF approved 67 new projects totaling \$3,728,304.

By Region- RSDF:

Region	Total Project Value	RSDF Amount Approved	Total Amount Leveraged
Labrador	\$3,857,110	\$1,037,796	\$2,819,314
Western	\$4,925,053	\$1,140,181	\$3,100,198
Central	\$1,227,628	\$298,930	\$499,719
Eastern	\$1,169,540	\$244,572	\$774,968
Avalon	\$3,416,833	\$946,839	\$2,373,159
Pan -Provincial	\$263,945	\$59,987	\$143,970
TOTAL	\$14,860,109	\$3,728,304	\$9,711,328

Note: Total leveraged amount includes Federal Government and private sources and client contributions. Other provincial sources are not included in amounts listed above. Sixty-one clients received support from the RSDF through new approvals in 2012-13. \$4.791 million was actually disbursed for new and outstanding pre-commitments. An additional \$114,000 was approved for amendments to previously approved projects.

IBRD's financial investments through its other funding programs that supported regional sustainability are as follows:

- The Air Access Development Program (AADP) had six deals approved totaling \$431,450;

Avalon Region	\$94,000
Central Region	\$34,950
Western Region	\$162,500
Labrador Region	\$140,000
Total	\$431,450

- The Aerospace and Defence Development Fund (ADDF) had two deals approved for \$1 million;
- The Business Attraction Fund (BAF) had four deals approved for \$7,575,000;

Avalon Region	\$3,500,000
Central Region	\$2,425,000
Western Region	\$1,650,000
Total	\$7,575,000

INDICATOR 4:

Continued.

- The Small and Medium Enterprise (SME) Fund had 13 deals approved totaling \$1,870,522.

Western Region	\$1,098,320
Labrador Region	\$86,500
Avalon Region	\$183,249
Eastern Region	\$502,453
Total	\$1,870,522

- The FLGP had 18 guarantees approved totaling \$14,064,944 in support of regional economic development and sustainability in the fishery.
- The EDGE Program had two new EDGE contracts approved.

INDICATOR 5:

Investments made in industry/sector organization initiatives.

- IBRD disbursed more than \$1.8 million from the Workplace Skills Enhancement Program (WSEP) to companies and industry associations for the purpose of training employees to improve productivity and global competitiveness. This included 89 projects involving 1,110 participants.
- IBRD supported the activities of OceansAdvance and the Genesis Centre. Funding of \$99,650 was provided to allow OceansAdvance to continue with cluster-building activities such as speaker series, workshops and forums, cluster news dissemination through website and email newsletters, strategic planning and trade-related events. Staff also worked with NATI on multiple projects to advance sector development.
- Under the Industrial Benefits agreement, IBRD helped to facilitate Bombardier's provision of three grants totaling \$750,000 to Memorial University of Newfoundland and the College of the North Atlantic to further research and development.
- Through the Young Entrepreneurs and Innovators Program (YEIP), IBRD approved 24 projects, totaling approximately \$150,000, to support the advancement of entrepreneurship and innovation among youth. The total leveraged amount, from sources including the Federal Government, private sources and client contributions, was more than \$630,000. Other provincial sources are not included in the amount leveraged.
- IBRD partnered with sector organizations and provided them with financial support to attend trade shows for sector development and promotion. IBRD, in partnership with NATI, funded the 2012 Incoming Bio-Partnering Trade Mission and Bio Workshop.
- IBRD partnered with The Newfoundland and Labrador Environmental Industry Association (NEIA) to offer NEIA membership business, development resources and support to assist with business operations and to uncover issues that may limit future plans and overall growth and success.

INDICATOR 6:

Initiatives supported by IBRD to improve access to technology in regions

IBRD's Technology Utilization Program (TUP) provides an opportunity for businesses to integrate technology solutions that support business development and growth. The program also helps businesses ensure they are utilizing technology to its maximum potential.

Through TUP, the Department supported 10 projects for a total investment of \$480,129 (approvals). The financial investment by region was: Avalon - \$248,151; Eastern - \$83,451; Central - \$75,000; and Western - \$73,527.

IBRD's Youth Innovation Program is available to provide funding to support innovation and technology-based projects for schools and youth organizations.

INDICATOR 7:

Provided support to airport authorities in the development of their business development plans and air carrier proposals.

IBRD provided support to airport authorities and air carriers by reviewing and accessing their funding proposals and development plans. It funded six proposals - four within the Airport Authority Business Development Rebate Program and two within Airline Route Promotion and Advertising Program.

Air Access Strategy initiatives continued to support economic growth via increased seat capacity into, out of and within the province. Stability was enhanced on the previously supported new routes of St. John's - London and Gander - Toronto (both with extended seasonality) and Gander - Happy Valley-Goose Bay and Wabush - Halifax (both extended year round).

New air services to Western Labrador from the island portion of the province, Nova Scotia and New Brunswick were introduced.

With Air Access Strategy support, three airport authorities promoted their assets locally, nationally and globally, and in the process raised their profiles and potential for new air service.

INDICATOR 8:

Activities undertaken to develop a strategic framework of support outlining Government's response to industry closures in Newfoundland and Labrador.

The Provincial Government developed a strategic framework of support outlining Government's response to an industry closure. This is a multi-departmental initiative utilizing combined measures that were developed in response to closure of industry in the fishery and forestry sectors. In collaboration with local businesses and economic development organizations, Government supports opportunities for new economic activity and provides employment/skills training for displaced workers.

This initiative is designed to approach the problem of job loss within a region as Government works with the community to find the best solutions possible. The Provincial Government Departments most closely involved through this initiative with the Newfoundland and Labrador communities that are facing community adjustment are Advanced Education and Skills (AES); Municipal Affairs (MA); and IBRD. Through IBRD, Government works with the municipalities and other community groups to explore long-term economic diversification for the region. IBRD continuously works with stakeholders in an affected region to identify opportunities for development and diversification through its various programs and services and supports economic development initiatives that focus on business development diversification and innovation.

INDICATOR 9:

Undertaken Supplier Development Initiatives to support participation of Newfoundland and Labrador businesses in key projects and sectors.

The large-scale industrial projects that are occurring in the province present significant supply and service opportunities for provincial businesses during the construction, operation and decommissioning phases of these projects.

IBRD, through its Supplier Development Program, helps provincial businesses identify these opportunities and determine their supply chain readiness. To better meet the needs of the business community IBRD implemented a new supplier development model with a more holistic approach. The new model focused on enhanced stakeholder engagement, promoting awareness of the various opportunities resulting from large-scale projects, assessing the capabilities and capacities of provincial firms and identifying how the programs and services of the Department can be applied to help build local capacity. A multi-functional working group was established to advance this new direction, which will focus on supplier development initiatives related to the Lower Churchill Project, mining and oil and gas sectors and supplier diversity within the supply chain.

The Department also partnered with the Department of Natural Resources to host a Service Providers Forum during the Mineral Resources Review 2012 in St. John's, which is the largest mineral industry conference and trade show in Eastern Canada. The forum connected buyers and sellers in the mineral industry.

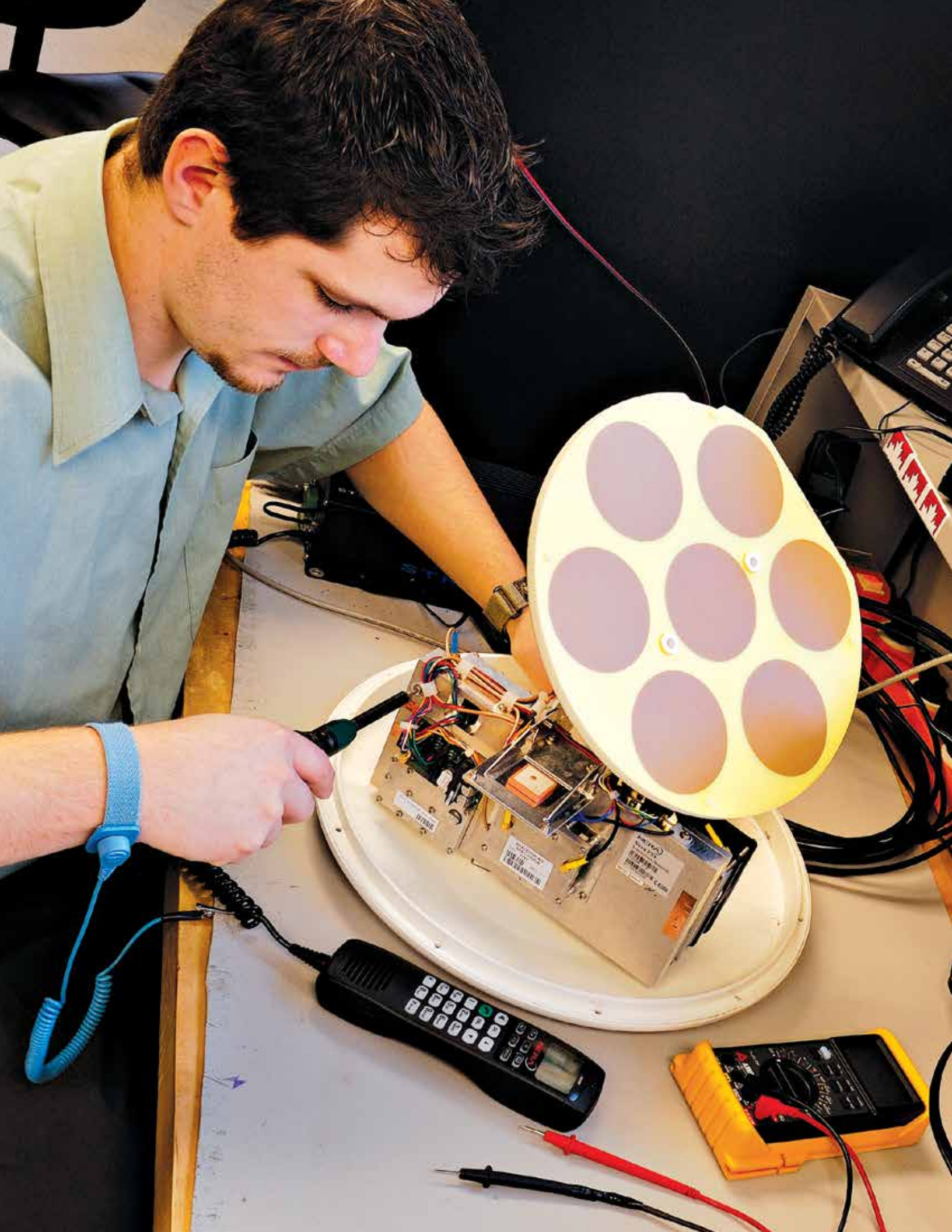
A supplier development section for the BR&E diagnostic was also developed to support businesses interested in supplying goods or services to large industrial projects as well as to identify any existing barriers to entering the supply chain.

The provincial government is a committed partner in filling gaps that organizations face when seeking capital and support. The Department's investment focuses on providing Newfoundlanders and Labradorians with the opportunity to succeed today and in the future. Regional sustainability requires collaboration and partnerships at all levels. Through increased collaboration and investment, the Department is growing a stronger provincial economy that will benefit generations to come.

Regional Sustainability

Objective for 2013-2014: By March 31, 2014, IBRD will have implemented collaborative initiatives that support regional and industry development.

1. Lead or participate in supplier development initiatives that support regional or industry development in relation to key sectors of the province.
2. Allocated funding of \$6.3 million over fiscal years 2013-14 and 2014-15 to further the work with partners to advance the Rural Broadband Initiative.
3. Commenced the development of a provincial Arctic Action Plan.
4. Delivery of an enhanced BR&E work plan, enhanced Opportunity Management work plan and a co-operative development work plan.
5. Supported regional and industry development through Community Capacity Building training sessions to clients throughout the province.
6. Number of initiatives supported and financial investments made for regional economic development initiatives.
7. Undertaken a Council of Atlantic Premiers' international business development mission to Brazil.
8. Worked collaboratively with ACOA, municipalities and other relevant stakeholders to address specific investment opportunities in the province.



opportunities and challenges

Management Discussion

Trade and Investment Branch

This was a year of integration for the newly merged Trade and Investment Branch. Together the Divisions of Trade and Export Development, Investment Attraction, Air Access Strategy, Trade Policy and Marketing and Enterprise Outreach have been building a more coordinated delivery system of the international business development (IBD) strategy as well as activities and support for businesses and organizations across the province. This effort will continue in the new fiscal year.

The Department's IBD efforts reach far beyond

encouraging export. They range from conducting sophisticated market and trade research to providing strategic leadership to business-to-business trade missions of international companies in the province and of provincial companies in international markets. The Trade and Investment Branch will continue to support an economic environment that encourages private sector business growth through IBD. With capital investment driven largely by major projects in oil and gas and electricity, and with exports led by oil, iron ore and fishery products, the challenge to the branch will be to strengthen and diversify international business, both in inward investment and in export of goods and services. To meet this challenge the branch will continue to build and utilize its contacts as a partner in IBD on the provincial, national and international stage.



An important mandate of the Department is to use IBD efforts to collaborate, establish linkages and build relationships to strengthen and diversify the province's economy and expand possibilities for the future. Significant opportunities exist not only in the immediate export value of our natural resources, but also in these sectors' abilities to further gain the attention of international business, academic communities and governments. In 2013-14, the branch will continue to work with local SMEs, helping them seize the opportunities. It will also continue to provide counseling, financial support and strategic IBD activities to assist the local SME network, build competencies and employ export as a growth tool toward economic self-reliance and long-term, sustainable business.

The branch will continue to offer IBD activities and support in well-established markets, such as the United States. Over half the province's global exports consistently go to the United States of America (U.S.) The Department recognizes its role in helping new exporters gain experience in international business and the U.S. market has traditionally offered a relatively lower risk and geographically closer market to gain such experience. As such, the branch will continue its strategy to introduce local SMEs to the U.S. market. The U.S. is also home to key international trade shows and niche opportunities, such as in the international financial institutions hub of Washington D.C.; the highly organized supplier diversity network in the southeast; the extensive venture capital and angel investment communities in New England and California; and the California film industry. The branch will continue to target such niche U.S. opportunities for provincial companies.

Notwithstanding the continued importance of the U.S. market, the Department has heightened its focus on exploring the high-growth, emerging markets of Brazil, India and China. Opportunity mapping and partner identification is ongoing and will continue in the new fiscal year. Many activities will continue to be offered with pan-Atlantic Canadian partners, including market research, incoming delegations and in-market trade missions.

The branch will also continue its approach to investment attraction, leveraging competitive advantages such as the development and proximity of major projects, the availability of secure, clean energy and a geographic location and suitability for selected forms of innovative development (as a hub for Arctic activity, for example).

Investment attraction will continue to include partnering with federal, provincial and regional partners; strategic monetary incentives; and providing possible investors with valuable connections and information during the investment consideration process.

The Air Access Strategy, entering the fourth year of a five-year mandate, will continue in 2013-14. Strong air carrier proposals with significant impact on the provincial or regional economy and airport authorities' business development proposals that are incremental to existing initiatives or the financial means to deliver services will be carefully considered.

The branch will continue to represent the province's interest to the Federal Government in the negotiation of international trade agreements. Trade and Export resources have already been aligned with developing trade agreements, such as CETA, and complement an increased Federal Government interest in developing positive trade linkages within emerging, growth markets such as Brazil and China. The branch will continue to be adaptable to such developing opportunities.

The Trade and Investment Branch has embraced the integrative nature of IBD and will continue to work in partnership with organizations within the IBD landscape to offer an increased value proposition to businesses across the province. Building on the direct activity and spinoffs of the strong resource sector, and building on pockets of innovation throughout the province, the Branch will help move the province forward with increased international business activity and the richness of economic diversification that results.

Ocean Technology Branch

There are tremendous opportunities for the ocean technology sector in Newfoundland and Labrador. The sector primarily serves four key markets: marine transportation; offshore oil and gas; defence and aerospace; and scientific research. According to the International Maritime Organization, more than 90 percent of global trade moves by sea. Cargo vessels, oil tankers and cruise ships are all growing larger while the availability of trained seafarers is decreasing, thereby necessitating technological solutions. The international offshore oil and gas industry is constantly moving towards deeper water and harsher environments, pushing

the boundaries of existing technology. In the defence industry, navies and coast guards around the world are moving towards automation and unmanned vessels. Finally, international scientific research on the health of the world's oceans, the impacts of climate change and the search for new resources both demands and creates new technology.

The opportunities for growth in the ocean technology sector in Newfoundland and Labrador are:

- (1) Innovation pipeline – Private sector firms need new products and services based upon existing and new intellectual property (IP). This can be derived from private sector R&D as well the commercialization of IP developed within the public sector and university environments. New start-up firms are also needed to help bring new ideas, new entrepreneurs and new staff to the sector. The Ocean Technology Branch will continue to work with OceansAdvance, the Genesis Centre, RDC, federal agencies and other stakeholders to address this need.
- (2) Access to Capital – Local firms tend to be undercapitalized and the local investing community has been slow to embrace technology start-ups while government funding programs have been viewed as too restrictive. The Ocean Technology Branch will continue its work with groups such as the NL Angel Network, Atlantic Canada Venture Gateway and others to help improve the investment environment for ocean technology firms.
- (3) Marketing and Promotion – Business visitors to the province consistently remark on the quality and quantity of our ocean technology activity. The cluster needs to expand and enhance its marketing profile locally, nationally and internationally. The Ocean Technology Branch will lead the development of a marketing and communications plan for the sector in the coming fiscal year to address this challenge.
- (4) Provincial Expansion – Owing to the location of Memorial University, the Marine Institute and other public sector research facilities (such as the NRC) in St. John's, as well as the concentration of the oil and gas industry there, the northeast Avalon tends to dominate the ocean technology cluster. The Ocean Technology

Branch will continue to focus efforts on projects outside of the St. John's area (for example: Arctic Opportunities Initiative, Smart Basin project in Corner Brook, ARIES project in Fortune Bay and wave pump project in Burin).

Innovation and Strategic Industries Branch

The Innovation and Advanced Technology Division and the Strategic Industries Division were combined in 2012-13 to form the Innovation and Strategic Industries Branch of IBRD. For the most part, this brings all sector development activity, with the exception of Ocean Technology, into one branch of the Department. The branch employs sector specialists for Aerospace and Defence; Agri-foods; Craft; Environmental Technology; Information and Communications Technology; Life Sciences; and Manufacturing. One of the more significant activities undertaken in 2012-13 was the launch of Phase 2 of the Rural Broadband Initiative. A number of responses to the Request for Proposals were received, with four companies receiving a combined funding of \$1.5 million. Budget 2013-14 allocated an additional \$6.3 million over two years to continue to work with telecommunications providers to broaden access to broadband throughout the province. The work will remain a high priority in 2013-14.

The level and scale of resource developments taking place in the province is unprecedented. These developments are adding billions of dollars to the province's economy through the acquisition of goods and services, employment and spin-offs. Ensuring that NL companies are well positioned to meet the supply chain requirements of these developments through the Department's Supplier Development Initiative is a key priority. Providing the necessary interventions to help companies build capacity will not only help foster opportunities within the province, it will also help position our companies to be more competitive on the international scene.

The branch is committed to working closely with sector incumbents and related stakeholders to determine opportunities through improved marketing capacity and bottom line savings through improved productivity and waste reduction. Key to this pursuit is the alignment of resources towards a common goal of diversifying and fostering industrial growth.

Regional Economic Development Branch

The decentralized structure of IBRD supports assistance provision to clients through 22 regional and field offices, and also ensures that programs and services are tailored to reflect the uniqueness of each region and can be adapted quickly to reflect local changes, new developments and regional opportunities.

In 2012-13, IBRD's Business Investment Fund and the Regional Development Fund were streamlined to ensure programs are current, properly focused and flexible to meet the growing needs of local enterprises and industry stakeholders. From the client's perspective, it will mean simplified processes, flexible funding and service of greater value. IBRD has developed a framework for a modernized client-centric approach, which will incorporate the proactive and holistic client engagement philosophy of BR&E and opportunity management. IBRD will also utilize a more focused and direct approach to sector development based upon sector analysis, in partnership with sector organizations where applicable.

IBRD works in partnership with business and community organizations to ensure ongoing economic planning. These partnerships signify enhanced level of community engagement including volunteers and staff on the ground. Many community organizations are volunteer driven, either through a volunteer board/committee or volunteers specifically involved in the projects and activities.

These volunteers in communities throughout Newfoundland and Labrador play a valuable role in generating economic development ideas, building regional capacity, and assisting project implementation related to economic development. IBRD continues to work with volunteers on these common goals, which helped new and well established businesses grow and expand in rural Newfoundland and Labrador and allow for expansion of economic development.

Supporting the growth of traditional industries and business expansion are key priorities of the Department. IBRD will work with municipalities and other community groups to explore long-term economic diversification. It will engage stakeholders in discussions about the future of their community and continuously work to identify opportunities for development.

Business Analysis Branch

The upcoming fiscal year will present a number of opportunities for the Business Analysis Branch to contribute to the mandate of IBRD. The departmental restructuring will ensure resources are flexible and are better able to support clients. For the Business Analysis team this streamlining of programs will provide an opportunity to review current funding policies and procedures with a view to ensuring a client-focused process is in place. The branch will participate in a departmental-wide review of policy and processes for funding approvals. This will include the development of relevant terms and conditions for funding approvals and a review of current due diligence practices. The branch will lead the development of a Terms of Reference for the newly created Business Investment Management Committee (BIMC) appointed under the new structure, and will provide an orientation manual and training as required to committee members. It will provide a Secretariat role to this committee and will offer analytical advice. The branch will further develop by-laws for the Business Investment Corporation (BIC) to clarify the role of the BIMC as a committee of the BIC.

The new funding structure will broaden the opportunities for the Business Analysis Branch to provide input and due diligence expertise to all branches and regions of the Department. With an emphasis on client service delivery, the renewed programs will both allow and require the team to ensure that resources are flexible and processes are simplified to better serve clients. These requirements will be met through a continued emphasis on quality improvements, staff training and professional development and best practices approach to due diligence.

As the branch incorporates changes under the new funding structure, analyses will be conducted to identify funding gaps in the business continuum and recommendations will be developed to address these gaps based upon findings.

The new funding structure will present some challenges for the branch. Implementation will require a significant amount of preparation in terms of supporting documentation and changes to some current processes. The new BIMC will require training and support. With a significant uptake anticipated again in the upcoming year due to FLGP enhancements and anticipated changes to promote the EDGE program other duties will likely grow in the coming year.

appendix a:

Departmental Review

Over the last two years, the Department of Innovation, Business and Rural Development undertook a review of some of its funding programs, as committed to in the Department's 2011-14 Strategic Plan. This review, together with the results of a staff survey and informal consultation with key stakeholders, indicated that the Department's suite of programs needed to be retooled.

IBRD determined that transformation was required in many areas of the Department with the following guiding principles as the focus:

- Flexibility to meet individual client needs and drive strategic investments;
- Simplified processes for clients and staff;
- Efficient program administration and service delivery;

- Enable optimal use of human and financial resources;
- Provide an increased quality of service; and
- Productivity and outcome improvements.

Four internal committees were formed to recommend organizational changes that would allow a smooth transition to the new programming. The committees reviewed four key areas: terms and conditions of the two new umbrella funds, client service delivery, management processes and program performance measurement.

- *Terms and Conditions (T&C) Committee* – The mandate of the T&C Committee was to develop two new funding programs for IBRD to deliver, beginning in April 2013. The recommendations



put forth by the Committee were aimed at resolving many of the issues with the former programming, and helped to build a strong foundation for the development of new funding program guidelines.

- *Integrated Client Service Delivery Model (CSDM) Committee* – The CSDM Committee was responsible for addressing the need for a consistent, coordinated approach to client service delivery, determining what IBRD clients define as good customer service, and recommending a model that best reflects clients' needs.
- *Efficient Management and Administrative Processes (EMAP) Committee* - The EMAP Committee was formed to analyze the Department's funding processes with a focus on finding greater efficiencies and improving client satisfaction. The overall goal was to develop a conceptual design for a commercial funding process that would result in faster turnaround times for funding decisions.
- *Metrics Committee* – The Metrics Committee was responsible for setting protocols around how best to monitor and evaluate the performance of the new programs, the client service delivery model and internal management processes. This included the development of an accountability framework that outlined the purpose, activities and desired outcomes of the departmental retooling, as well as tracking and analyzing specific success indicators using the Department's data software system.

This resulted in the amalgamation of 21 individual programs to two client-centric, straightforward, flexible and more easily marketed umbrella funds – commercial and non-commercial. With a reduced number of programs and flexibility in the terms and conditions of the funds, the Department's front line staff will be better equipped in subsequent years to direct funding support to strategic areas of focus.

Budget 2013: A Sound Plan, A Secure Future supports the two new funds. In fiscal year 2013-14, approximately \$36 million will be available to support growth and innovation in the business community through the Business Investment Fund, and \$11 million will be available to support community and regional economic development efforts through the Regional Development Fund.

The Business Investment Fund (commercial) provides a flexible source of funding that responds to the shifting needs of today's enterprises, maximize the available support to clients and strategically expands the pool of eligible companies and activities. These activities include building research and development capacity and investment in business infrastructure, market, product and workforce development – components critical to improving overall competitiveness, productivity and innovation and ensuring strong, sustainable regions.

The Fund has three components: Business Investment, Business Development, and Investment Attraction.

- The Business Investment component provides capital for the growth and expansion of small and medium-sized enterprises, with particular focus on services that build on regional strengths. Funding is in the form of term loans and/or equity investments.
- The Business Development component is designed to encourage businesses to undertake improvements in technology utilization, adoption of environmental and green technologies, market development, new product development, export readiness, work-skills enhancement and professional technical assistance to enhance productivity, competitiveness and sales. Funding is in the form of non-repayable contributions.
- The Investment Attraction component provides funds for investment in firms expanding or investing in Newfoundland and Labrador that offer economic benefit to the Province, with emphasis on new and expanding sectors. Funding is in the form of term loans, forgivable loans, conditionally-repayable loans, or equity investment.

The Regional Development Fund (non-commercial) provides non-repayable capital to support non-commercial organizations in activities related to regional and sectoral development, diversification and innovation. These activities include sector and market development, building research and development capacity, advancing regional and sectoral infrastructure, and community, regional and sectoral capacity building.

The Regional Development Fund has two components: Regional Development, and Partnership and Community Capacity Building.

- The Regional Development component focuses on infrastructure, marketing and research; as well as human resources and community development. Funding is in the form of non-repayable contributions. Projects must clearly link non-commercial activities to economic diversification and/or business development.
- The Partnership and Capacity Building component supports activity that coordinate community, regional and sectoral insight and planning in concert with the private sector to identify areas for community development and sustainability. Funding is in the form of non-repayable contributions.

Small and medium-sized businesses are helping to diversify the provincial economy, develop innovative industries in regions and attract talent to Newfoundland and Labrador. We believe that investing in the competitiveness of SMEs is an essential part of developing the provincial economy.

The renewal of the business and regional development programs will make it easier for the business community and regional development partners to do business with the Provincial Government.

In addition in 2012, it was concluded that the Strategic Partnership (SP) and the Getting the Message Out (GMO) program were better suited to the Office of Public Engagement. These moves allowed the aligning of the priorities of SP and GMO with the mandate of the new office. In the Office of Public Engagement, GMO can more effectively align and integrate with other youth engagement-related initiatives.

The Strategic Partnership (SP): As part of IBRD, SP facilitated collaboration and partnership amongst various sector players. The SP is a partnership of the Government of NL, the NL Federation of Labour, and the NL Business Coalition.

The Strategic Partnership continued to move forward with its priorities during 2012-13. From April 1 to October 19, 2012, almost 60 people from government, business and labour participated in the Strategic Partnership Council and its committees. Over 20 Partnership-related meetings were held during that period. Government's representation in the Partnership included nine different departments and agencies.

To help build a common knowledge base amongst the Partners and support the work of the council and its committees, the Partnership received 10 presentations between April 1 and October 19 from a number of government departments, industry associations and academics. Some of the topics covered include improving health and wellness in the workplace, early childhood education, long-term care, green economy, labour market and skills development.

In addition to the above mentioned presentations, government departments have utilized the council and committees to discuss strategies under development by Government. Recent examples include the Transportation Strategy, Department of Transportation and Works; the 10 Year Child Care Strategy, Department of Child, Youth and Family Services; Healthy Workplaces Initiative Department of Health and Community Services; and the Population Growth Strategy.

In May 2012, representatives of the Strategic Partnership met with Memorial University President Gary Kachanoski and other Memorial representatives to discuss areas of common interest, particularly with respect to innovation. It was agreed to investigate future collaborations.

In 2012-13, the Strategic Partnership provided funding to the Harris Centre to support eight projects under the Applied Research Fund (ARF).

Getting the Message Out Program (GMO): The GMO program delivered 169 presentations to 88 high schools and six presentations to post-secondary groups and organizations, reaching more than 4,027 individuals throughout the province. "Your Potential," a new textbook compendium resource, developed in cooperation with the Department of Education for Entrepreneurship 3209, was distributed in the spring of 2012. Also, the sixth edition of the GMO classroom kit, the Department's supplementary resource guide for Career Development 2201, was re-branded and distributed to all high schools in the province in the fall of 2012. A newly re-branded, interactive GMO website was launched and the GMO program officially launched its fifth annual case study competition. The iDiscover contest, which supplements the GMO classroom kit, was re-named and opened up to middle schools and high schools throughout the province.

appendix b:

Ireland Business Partnerships

MESSAGE FROM THE CHAIR

As Chair of Ireland Business Partnerships (IBP), I am pleased to present the advisory board's activities for the fiscal year ending March 31st, 2013. This section is submitted in accordance with the entity's obligation as a category three entity under the *Transparency and Accountability Act*, and is prepared under the direction of the board which is accountable for the actual results reported.

During the year, IBP continued to work with its counterpart in Ireland, the Ireland Newfoundland Partnership (INP), on initiatives focused on mutual economic benefit in the areas of business, education and culture. It included initiatives which IBP supported by providing a leadership role or organizational support.

During 2012-13, as part of a departmental review, it was recommended that IBP's Advisory Board be replaced with a working group, to provide advice on Ireland and NL related issues. This recommendation was approved and the IBP Advisory Board was subsequently dissolved.

The working group will continue to provide advice and input, on an ad hoc basis, into the Provincial Government's approach to maximizing ties with Ireland.

I would like to acknowledge continued support from our partners in Ireland and would like to thank our board members for their support and dedicated service to IBP.

Sincerely,



HON. Keith Hutchings

Minister, Innovation, Business and Rural Development
Chair, Ireland Business Partnerships
MHA, Ferryland

overview

Ireland Business Partnerships (IBP) has undergone changes in recent years as it evolved to match the environment in which it works. IBP works with individuals and organizations to help transform knowledge, culture and innovative ideas into shared economic benefits and business opportunities for Ireland and Newfoundland and Labrador. IBP works with other divisions within IBRD and other provincial government departments such as Tourism, Culture and Recreation; Education; Advanced Education and Skills; and Natural Resources to fulfill its mandate. The relationships between various government departments within Newfoundland and Labrador and Ireland as well as other entities in both jurisdictions have matured significantly over the past number of years.

IBP has served a valuable function in establishing and advancing shared interests. Relationships have evolved to the point that the goals of advancing linkages with Ireland are better served as part of the Trade and Export Development Division (TED) within IBRD. To that end, in 2011, IBP was moved into the Trade and Investment Division.

The IBP's integration with TED is comparable to the movement of the Ireland Newfoundland Partnership (INP) in Ireland to the Department of Jobs, Enterprise, and Innovation, which oversees Ireland's trade and export development agenda.

The Irish commitment to fulfilling the mandate of the Memorandum of Understanding (MOU) remains strong. However, the global economic situation has had a significant impact on the Irish economy and has led to some changes within INP, including its reporting structure in the Irish government. These changes have been put into place to address the new economic situation, while positioning INP to continue to move the partnership forward.

During 2012-13, IBP received, evaluated and funded several projects. A total of \$19,160 was approved for six projects. One notable project supported by IBP was coordinated with the trade staff responsible for Ireland. A professional development mission for the agriculture and agri-food sector to Waterford was organized for September 2012.



Mission activities included educational tours, seminars, business-to-business meetings and participation at the Harvest Festival. Through professional and trade development activities NL organizations were given the opportunity to learn how to grow and diversify their operation as well as explore Ireland as an export market. Funding for three organizations to participate in this mission was provided through IBP.

In July 2012, Ireland’s Ambassador to Canada, Ray Basset, visited the province for a week of meetings. A full schedule was developed to provide him with a detailed overview of the linkages developed between NL and Ireland over the history of the MOU. In addition to meeting with the IBP Advisory Board, Ambassador Bassett met with a range of Departments, companies and organizations spanning the three pillars of IBP: business, culture and education.

Prior to the meeting with Ambassador Bassett, an introductory meeting of the IBP Advisory Board was held with the Minister Keith Hutchings. A number of issues were discussed and labour was identified as an area of priority. Labour shortages are being experienced and are predicted to deepen in various sectors and regions across the province and Ireland is seen as a prime source for skilled labour immigration. It was discussed that in 2013-14, a meeting would be called to identify measures to support the province with this issue.

Mandate:

Guided by the Memorandum of Understanding between the Government of Newfoundland and Labrador and the Government of Ireland, the mandate of the IBP Advisory Board is to:

- Assist IBRD with preparing the strategic work plan for the IBP;
- Monitor the implementation of the strategic work plan;
- Assist the department with partnership initiatives related to Ireland; and
- Report annually to the Premier and to the public through the Chair and IBP Office, on the strategic work plan and results attained.

Values

The core values explain the character the organization we promote and the action statements guide behavior. The core values which guide the behavior of the Advisory Board of Ireland Business Partnerships are as follows:

<i>Effectiveness</i>	Each person makes informed decisions in a timely and professional manner.
<i>Responsiveness</i>	Each person builds relationships of trust and collaboration with other Board members
<i>Cooperativeness</i>	Each person develops and participates in a team approach to advancing IBP priorities.
<i>Communication</i>	Each person takes initiative to promptly share information with Board members in support of the IBP priorities.

Primary Clients

The Board’s primary responsibility is to the Ireland Business Partnerships and to the Department of Innovation, Business and Rural Development by providing policy advice and guidance in areas determined to be of strategic priority.

Vision:

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

Mission:

The mission of the Department Innovation, Business and Rural Development is as follows:

“By 2017, IBRD will “have stimulated economic and business development to foster regional and provincial prosperity.”

The Board contributes to the department’s mission of stimulating economic and business development by advising IBP on strategic directions and providing policy advice. IBP engages in economic and cultural development initiatives that generate wealth, stimulate entrepreneurship and build capacity through partnerships with government, industry, and businesses both within the province and in Ireland. The Board, through their networks and interests in Ireland, assists in increasing business promotion, trade and development within Newfoundland and Labrador.

board's objectives and activities

The Advisory Board of the IBP assists IBRD by providing advice on economic and policy issues in order to increase business promotion, trade and development in Newfoundland and Labrador through the partnership with Ireland. In 2012-13, as the Advisory Board was replaced with the working group, the activities of the working group for next year will be reported in the Annual Report of the Department of Innovation, Business and Rural Development.

As a result of the ongoing organizational changes within the Department, the Board did not formally meet during the 2012-13 fiscal year, although the Minister did have an informal introductory meeting with Board members in July 2012. The following represents the Board's activities in support of the Provincial Government's strategic directions for fiscal 2012-13. The two objectives that were identified in the Board's 2011-14 Activity Plan, are reported below.

Development of Operational Plan

objective 1	The Board provided advice as required on the development of an annual operation plan for IBP.
measure	Advised on the development of annual operational plan
indicators	The Board provided advice for the development of annual operational plans by working with staff to identify specific initiatives to be developed and undertaken.
activities	Input was not received from the Board as they did not formally meet. However, IBP staff reviewed and evaluated projects. During 2012-13, a total of \$19,160 was approved for six projects.

Opportunities identified

objective 2	The Board provided guidance to the Ireland Business Partnerships regarding potential economic development opportunities with Ireland.
measure	Provided guidance
indicators	The Board provided guidance to IBP staff by way of regular Advisory Board meetings focusing on identifying and executing on opportunities.
activities	Since the Board did not meet in the 2012-2013 fiscal year, they were unable to provide additional guidance to IBP regarding potential economic development opportunities with Ireland. However an informal introductory meeting of the Board with the Minister of IBRD, led to discussion on labour and immigration issues.

ibp advisory board members

Honorable Keith Hutchings, Chair

Minister, Innovation, Business
and Rural Development
Chair, Ireland Business Partnerships
MHA, Ferryland
Government of Newfoundland
and Labrador

Ms. Maureen Foley

Town of Tilting

Dr. Susan Knight

Chancellor, Memorial University of
Newfoundland and Labrador

Mr. Bill Mahoney

Regal Realty Ltd.

Mr. Keith Stoodley

Provincial Aerospace

Dr. Patrick Parfrey

Memorial University of
Newfoundland and Labrador

Mr. Patrick O'Callaghan

East Coast Catering Ltd.

Ms. Gaylene Buckle

Theatre Newfoundland and Labrador

Mr. Glenn Blackwood

Fisheries and Marine Institute
of Memorial University

Ms. Donna Stone

CIBC Woody Gundy



appendix c:

IBRD Expenditures by Main Allocation

Line Item	Source of Expenditure	Original Estimate (\$)	Amended Estimate (\$)	Actual (\$) (Unaudited)
1.1.01.	Minister's Office	415,800	415,800	329,146
1.2.01.	Executive Support (Less Revenue)	1,198,900 -	1,212,800 -	1,176,054 -
1.2.02.	Administrative Support (Less Revenue)	781,100 -	792,800 -	711,611 (43,207)
1.2.03.	Policy and Strategic Planning (Less Revenue)	832,400 -	820,400 -	627,516 -
1.2.04.	Strategic Initiatives	852,900	853,000	605,836
1.2.05.	Strategic Human Resources (Management)	1,709,400	1,730,100	1,628,993
1.2.06.	Administration Support -Capital	20,000	20,000	0
2.1.01.	Trade and Export Development (Less Revenue)	3,312,400 (500,000)	3,434,900 (500,000)	2,817,180 (296,870)
2.1.02.	Investment Attraction (Less Revenue)	4,006,700 -	3,784,300 -	2,012,370 (242,500)
2.1.03.	Marketing & Enterprise Outreach	1,580,500	1,330,500	1,011,568
2.1.04.	Business Attraction Fund (Less Revenue)	15,000,000 -	14,650,000 -	319,894 -
3.1.01.	Business Analysis (Less Revenue)	1,529,000	1,483,400	1,214,185 (5,009,927)
3.1.02.	Investment Portfolio Management	664,100	614,600	557,689
3.1.03.	Strategic Enterprise Development Fund	3,000,000	3,350,000	3,288,545
4.1.01.	Innovation, Research And Technology	7,101,800	7,493,400	6,387,250
4.2.01.	Strategic Industries Development	1,506,700	1,507,600	1,370,505
5.1.01.	Regional Economic Development Services (Less Revenue)	3,171,200 -	3,209,600 -	1,499,102 (10,754)
5.2.01.	Business & Economic Development Services	5,323,600	5,322,100	5,180,796
5.3.01.	Comprehensive Economic Development	6,050,000	6,050,000	6,041,766
5.4.01.	CN/NL Business Service Network	566,400	544,200	383,708
6.1.01.	Ocean Technology Initiative	5,095,800	5,099,200	3,226,533
7.1.01	Research and Development	23,786,700	23,786,700	23,786,700
	Gross Budget	87,505,400	87,505,400	64,176,947
	Related Revenue	(500,000)	(500,000)	(5,603,258)
	Net Budget	87,005,400	87,005,400	58,573,689

where challenge becomes opportunity

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Innovation, Business and Rural Development
2012-2013 Annual Report

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