

# 2021-2022 ANNUAL REPORT



## Industry, Energy and Technology

Cover Photos:

Aquarius Semi-Submersible Drilling Rig (photo credit: Seadrill LLC)

Government of Newfoundland and Labrador Electric Vehicle

SucSeed Social Enterprises Inc. (photo credit: Alex Stead Photography)

Voisey's Bay Mine (photo credit: Vale)



## MESSAGE FROM THE MINISTER

In accordance with the **Transparency and Accountability Act**, I am pleased to submit the 2021-22 Annual Performance Report for the Department of Industry, Energy and Technology (IET).

As Minister, I look forward to building on the successes of the department, and embracing the opportunities outlined in the 2020-23 Strategic Plan. Work is ongoing to develop a robust and diversified economy that embraces renewable energy, maximizes our oil and gas advantage, and meets the ever growing global demand for the province's abundant resources.

As the lead department for accelerating growth, innovation, entrepreneurship and regional development in the province, IET is creating a competitive environment that fosters private sector investment and business growth.

This report was prepared under my direction and I am accountable for the reported results.

I thank staff for their continued hard work, and acknowledge their commitment to the residents of Newfoundland and Labrador.

Sincerely,

A handwritten signature in black ink, appearing to be the initials 'AP' with a stylized flourish.

Hon. Andrew Parsons, KC  
Minister of Industry, Energy and Technology



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## Departmental Overview

### Mandate

IET is responsible for economic and resource development, business growth and economic diversification. It works to create and maintain a competitive economy to support investment, trade activity, research and development (R&D); support community and regional economic development; foster innovation and technology transfer as well as commercialization; and support industry and entrepreneurship. IET is responsible for the promotion, exploration, development, and regulation of mineral and energy resources; energy supply, demand and royalties; energy economics; and develops and monitors regulatory and benefits activities. IET delivers its mandate via five branches: Business and Innovation; Corporate and Strategic Services; Energy Development; Industry and Economic Development; and, Mining and Mineral Development.

### Lines of Business

#### **1. Business Growth and Regional Economic Development**

IET delivers various programs and services and facilitates investments to support sustainable business growth, regional economic development, and diversification including: providing information, networking opportunities, counselling services and financial supports to businesses, co-operatives, social enterprises, and community organizations; building strategic capacity; and advancing technological initiatives.

#### **2. Resource Policy and Management**

IET is responsible for the development of resource policy for energy, oil and gas, quarrying and mining; coordinating and facilitating sustainable development and management; developing and supporting regulatory and benefits activities; regulating mineral tenure, mineral exploration, and mineral and quarry development activities; and, ensuring industries follow appropriate resource management practices and regulations.

### **3. Resource Exploration and Assessment**

Resource exploration and assessment includes all activities that precede resource development, i.e. gathering, interpreting and disseminating geoscience data and providing exploration incentives.

### **4. Resource Development and Promotion**

IET advances strategies targeting exploration and development companies, investors, and the public to highlight the opportunities and competitiveness of the province's geology, geoscience, and regulatory model. IET also supports innovation and growth in the supply and service industry.

### **5. Support for Innovation**

IET adopts a strategic approach to collaborative sector growth strategies and facilitates cross sector, supply chain, and R&D initiatives to support innovation, technology transfer and commercialization, productivity, and competitiveness. IET supports the innovation ecosystem through investments and other supports for start-ups, business accelerators and incubators.

## **Staff Breakdown**

As of March 31, 2022, IET employed 249 staff. Regional distribution of staff is as follows: Avalon Peninsula - 210; Central East - 18; Central West - 4; Labrador - 4; West Coast/Northern Peninsula - 13. The gender breakdown is female - 123 and male - 126.

## **Office Locations**

The department is headquartered in St. John's with offices in Carbonear, Ferryland, Placentia, Clarenville, Marystown, Gander, St. Alban's, Grand Falls-Windsor, Deer Lake, Corner Brook, Stephenville, Pasadena, Port aux Basques, Port Saunders, St. Anthony, Forteau, Charlottetown, Happy Valley-Goose Bay, and Labrador City.



## Budget and Expenditures

The original estimates (net) for fiscal year 2021-22 was \$428.2 million. Total expenditures (net) for 2021-22 was \$541.1 million. Expenditures (net) by division are:

Division	Expenditures (net)
Minister's Office	\$256,220
Executive Support	\$1,974,036
Corporate & Strategic Services <sup>1</sup>	\$2,035,976
Geological Survey	\$4,114,807
Mineral Lands	\$1,437,696
Mineral Development	\$3,594,183
Energy Policy	\$3,728,430
Petroleum Development	\$1,173,384
Royalties and Benefits	\$2,049,863
Accelerated Growth	\$1,501,596
Business Analysis	\$1,316,058
Sector Diversification	\$2,452,135
Regional Economic and Business Development	\$3,288,311
<b>Total</b>	<b>\$28,922,695</b>

<sup>1</sup> In 2021-22, a portion of Corporate and Strategic Services – specifically the Finance & General Operations function – was shared with the Department of Fisheries, Forestry & Agriculture.

In 2021-22, IET also recorded expenditures (net) of \$512.11 million as outlined below:

- \$0.15 million – Canada-Newfoundland & Labrador Offshore Petroleum Board (C-NLOPB)
- \$179 million – Oil and Gas Industry Support
- \$37.65 million – Oil & Gas Corporation of Newfoundland & Labrador (OilCo)
- \$250 million – Energy Initiatives
- \$0.48 million – Investment Attraction Fund
- \$37.36 million – Innovation & Business Investment
- \$7.50 million – Comprehensive Economic Development

Refer to appended Financial Statements for more information on expenditures.

## Highlights and Partnerships

Throughout 2021-22, IET advanced a number of initiatives across its broad departmental mandate. In addition to the information in the Report on Performance Section, below are some highlights of work undertaken in 2021-22.

### Highlights

#### **Business Supports**

The technology and innovation sector in Newfoundland and Labrador has significant momentum and is critically important for diversifying the provincial economy.

Investments in the sector support a diversified and stronger provincial economy and the creation of more jobs. In 2021, in support of the province's growing tech and innovation sector, IET invested \$750,000 in Sandpiper Ventures, a first of its kind venture capital fund in Atlantic Canada, and also announced a \$10 million investment (subsequently increased to \$13 million) in Venture Newfoundland and Labrador Limited Partnership II.

To support early stage growth, there has been a focus on providing timely access to capital, advisory services, networks and other resources required to capitalize on innovation and export opportunities. IET has also continued investing in accelerators and incubators including Genesis, Memorial Centre for Entrepreneurship (MCE), Propel ICT, Bounce Health, and Navigate.

#### **Energy**

In June 2021, Government announced Nalcor Energy and Newfoundland and Labrador Hydro (NL Hydro) restructuring with the appointment of a single CEO to oversee both companies, and also reached a \$5.2 billion agreement in principle with the federal government on rate mitigation which provides \$2 billion in federal financing. The federal government will also transfer the equivalent of \$3.2 billion in Hibernia Net Profits Interest and Incidental Net Profits Interest to the Province to the end of Hibernia's life.

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In 2021-22, an Implementation Committee was established to analyze and prioritize the Oil and Gas Industry Recovery Task Force's April 2021 final report and recommendations and identify the appropriate implementation actions. In November 2021, an agreement with NARL was announced to help facilitate Cresta Fund Management's acquisition of a majority interest in NARL Refining. This agreement has secured hundreds of jobs and continued operations at the facility.

### **Mineral Exploration, Quarrying, and Mining Sectors**

Newfoundland and Labrador's mineral industry continues to be a key economic driver for the province. IET worked with industry to permit and advance mineral exploration and development activity that reached record levels in 2021-22. In 2021, mineral shipments were valued at \$6 billion, the highest value on record for the province; mining employment was the highest since 2013, generating over 8,000 person years of employment; more than 100,000 mineral claims were staked, the second largest claims total in the province's history; this past year marked the largest staking rush for the island portion of the province; and exploration expenditures hit a nine-year high, reaching \$127.4 million. Through the Mineral Incentive Program, the department provided \$1.7 million in financial assistance to encourage mineral exploration. The uptake in mineral claims and exploration expenditures also resulted in nearly 800 exploration approval permits being issued, the normal annual average ranging between 300 and 350.

### **Partnerships**

The department works with many industry stakeholders on a regular basis to support the growth and sustainability of the province's economic sectors. Private companies, industry associations, regulatory bodies, Indigenous partners, other governments, educational institutions, labour development entities, and unions are just a few of the partners involved in economic development. IET works collaboratively with Memorial University and College of the North Atlantic to advance industry relevant research to grow the economy and advance innovation throughout all sectors. The department

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continues to partner with various government departments and agencies on strategic initiatives or issues that are critical to advancing economic development.

With a priority of closing the connectivity gap for Newfoundlanders and Labradorians, a significant \$136 million federal-provincial broadband collaboration was announced in early 2022. The collaboration will further leverage investment from service providers and partners to connect all remaining rural households in the province to reliable, 50 megabits per second (Mbps) download and 10 Mbps upload, high-speed internet.

With funding from IET to support the development of an action plan, Government participated in an Air Access Working Group led by industry. IET and the Department of Tourism, Culture, Arts and Recreation (TCAR) are engaged with industry to advance several air access supports.

Additionally, IET and the Atlantic Canada Opportunities Agency (ACOA) collaborated with the Harris Centre of Regional Policy and Development to support Memorial University as it collaborates with community, industry, government and education partners to provide Rural and Remote Digital Hubs that provide high-speed internet access and study/collaboration space.

IET continues to partner with the NL Association of Community Business Development Corporation to deliver **Kick\$tart** and **Drive** micro business loan programs that help establish or expand youth-led businesses by providing up to \$5,000 and \$10,000 in low-interest loans.

IET partnered with government departments and Memorial University on an electrification project related to switching the University's existing steam heating system from diesel fuel to electric boilers which would reduce fuel usage and greenhouse gas (GHG) emissions by approximately 30,000 tonnes annually.

These and other examples throughout the report demonstrate the department's collaborative efforts to build an environment to foster business and economic development.

## Report on Performance

### Issue One – Mineral Sector Development

The province's mineral industry continues to be a key economic driver. Strength in commodity prices fostered interest in exploration and development of projects in jurisdictions such as Newfoundland and Labrador with quality public geoscience and a clear pathway for permitting. Realizing the economic potential of the mineral industry is critical as the mineral industry creates opportunities for local businesses, and increases the province's ability to invest in programs, infrastructure, education and health care. IET continued to make progress implementing the actions identified in **Mining the Future 2030**. This action plan positions Newfoundland and Labrador as an ideal jurisdiction for mineral resource development activity and investment, and in doing so facilitates economic development and benefits to the province. Effective promotion supported the sustainability of the industry, where projects continue to be found and create benefits and employment for people of the province. Work in this area is consistent with Government's strategic directions of **A Better Economy** and **A Bright Future**.

#### Goal

By March 31, 2023, the Department of Industry, Energy and Technology will have advanced the mineral sector in the province.

#### 2021-22 Objective

By March 31, 2022, the Department of Industry, Energy and Technology will have actioned opportunities to align and enhance departmental service delivery to support sector growth and development.

#### Indicators:

- **Continued implementation of Mining the Future 2030**

IET continued to make progress implementing **Mining the Future 2030** actions. Of note, the Independent Geoscience Technical Advisory Committee (TAC) was formed in

June 2021 to serve in an advisory capacity to the Geological Survey of Newfoundland and Labrador (GSNL). TAC provides science-based recommendations on geoscience project selection and methods to ensure the work of the GSNL meets the mineral industry's needs and the demands for critical minerals to support marketing of Newfoundland and Labrador and enhance exploration investment.

Funded by the department and partners, the hyperspectral scanning project, which began in January 2021, is being led by College of the North Atlantic with support from the Mineral Lands Division. Scanning has been completed or is underway in all of the department's six core storage facilities, including currently in Goose Bay. The technology will generate specialized imagery and create geoscience data in support of future mineral exploration activity.

- **Advanced the development of new quarry legislation**

Government understands the importance of equitable access to quarry materials for industry and worked to advance the development of new quarry legislation that more effectively manages the province's quarry resources and supports equal business opportunities for all. Following completion of public and stakeholder consultations, a **What We Heard** document was released in 2021-22, and the department advanced the required research and analysis to inform the development of new quarry legislation. New quarry legislation will support the development of the province's quarry resources in consideration of the environmental, social and economic impact of quarries.

- **Enhanced the Mineral Lands Administration Portal (MinLAP)**

Following implementation of MinLAP in 2020, the department collaborated with the Office of the Chief Information Officer (OCIO) to enhance performance and security measures of the MinLAP system. The mineral exploration industry expanded in the province beginning in 2020 and momentum carried through to 2021 which resulted in record numbers of claim staking and subsequent mineral licence issuances. MinLAP is relied upon by the mineral exploration and mining industry and the department to maintain mineral tenure and in the collection of related revenue. Business plans are in

place to expand MinLAP's use to include other departmental programs, including administration of quarries. The inclusion of quarries would follow any new legislation that the current review would generate.

- **Modernized the global investment attraction promotions utilizing digital strategies**

IET continued to improve its website to provide better access to information and services as well as encourage and facilitate exploration and investment into the mineral resources sector. IET also continued to update and develop technical promotions, marketing and outreach materials such as commodity posters, flyers, advanced exploration project profiles and virtual booth displays. IET maintained a strong virtual booth presence in the Mining Trade Show Circuit and participated in virtual mining related investment forums to enhance market access and identify new opportunities.

**2022-23 Objective:**

By March 31, 2023, the Department of Industry, Energy and Technology will have implemented concrete actions to support sector growth.

**Indicators:**

- Developed new quarry legislation
- Initiated a review of the **Mineral Act** and **Mining Act**
- Continued implementation of Mining the Future 2030
- Completed the hyperspectral scanning project

## Issue Two – Responsible Oil and Gas Development

Newfoundland and Labrador's offshore oil and gas industry represents one of the lowest carbon per barrel footprints in the world and plays a key role in the global energy transition. The industry has attracted significant foreign capital investment, generated tens of thousands of jobs, and provided revenue that supports important public services across the province. Progress in this area is consistent with the strategic directions of Government, **A Bright Future** and **A Better Economy**. To advance responsible oil and gas development, while embracing renewable energy, IET has focused on accelerating exploration and development activities in an effort to maximize the province's low-carbon oil and gas advantage. Through continued collaboration with the federal government, regulatory partners and industry, the department continued to identify and implement changes to increase industry competitiveness and provided oversight and advanced modernization of the regulatory regime. For example, IET continued to engage with its federal partners in the Regional Assessment Follow Up Program to ensure the 2020 regional assessment stays up to date, and maintains an efficient process for exploration drilling program approval.

### Goal

By March 31, 2023, the Department of Industry, Energy and Technology will have taken direct action in support of accelerating the responsible development of the province's offshore oil and gas resources.

### 2021-22 Objective

By March 31, 2022, the Department of Industry, Energy and Technology will have implemented priority actions in **Advance 2030** to support maintenance and growth of the offshore oil and gas sector.

### Indicators:

- **Continued Administration of the Oil Exploration Initiative program to support the Oil and Gas sector**



The Offshore Exploration Initiative program (the Program), launched in September 2020, is intended to utilize forfeited security deposits to incentivize companies to drill additional exploration wells in the most promising prospects. Throughout 2021-22, IET continued to administer the Program, engaged with interested companies, and responded to inquiries. In December 2021, IET announced a Program extension to allow qualified operators an additional year to drill. Each application is subject to a technical analysis to ensure they meet program requirements, including targeting distinct geological structures. IET has approved an application from ExxonMobil to support the drilling of an exploration well in offshore Eastern Newfoundland in 2022.

- **Supported local service and supply companies through investments from the Oil and Gas Industry Recovery Assistance (OGIRA) Fund and the Innovation and Business Development Fund (IBDF)**

The oil and gas sector is critical to the Newfoundland and Labrador economy. The goals of OGIRA are to maximize employment for Newfoundland and Labrador residents and support the recovery of the Newfoundland and Labrador offshore oil and gas industry. In 2021-22, OGIRA funding of up to \$205 million was provided to the Terra Nova project to support a return to production, and an additional \$35.5 million was awarded through a Request for Proposals process to fund 26 projects by local oil and gas service and supply companies, industry associations and academic partners. The IBDF is focused on investments to grow and diversify Newfoundland and Labrador's oil and gas supply and service capabilities. In 2021-22, more than \$7 million was awarded through the IBDF to support four projects, which leveraged an additional \$31 million in investment in the local oil and gas sector.

- **Advanced the development of a natural gas fiscal framework**

IET advanced project analysis toward the development of a royalty framework for natural gas development including initial technical discussions with stakeholders to inform the work. The analysis has involved significant internal work developing project cases to model various royalty regime options.

- **Collaborated with the Federal Government on amendments to the Accord Acts**

New comprehensive Occupational Health and Safety (OHS) regulations came into effect in January 2022. The ongoing Frontier and Offshore Regulatory Renewal Initiative (FORRI) is a federal-provincial partnership working to modernize the regulatory framework in the Canada-NL Offshore Area. Concurrent to FORRI's work, the department has been working with the Federal Government on amendments to enhance the competitiveness of the offshore land tenure system. These initiatives support high standards for safety, environmental protection, and resource management in the offshore area and modernization of offshore regulations.

**2022-23 Objective:**

By March 31, 2023, the Department of Industry, Energy and Technology will have supported responsible development of the offshore oil and gas resources in the province.

**Indicators:**

- Concluded development of a natural gas royalty framework
- Continued administration of the Offshore Exploration Initiative program to support the Oil and Gas Sector
- Advanced regulatory modernization initiatives to increase competitiveness
- Supported increased use of technology, innovation and other initiatives to decrease sector carbon emissions

## Issue Three – Technology and the Innovation Ecosystem

Jurisdictions with robust innovation and entrepreneurial activity experience increased productivity, economic growth, and job creation. IET worked closely with federal and provincial partners and industry stakeholders to drive opportunities in the technology sector and innovation ecosystem. IET supported collaborative initiatives that lead to the development of new technologies, R&D opportunities, and digital solutions to advance an innovative economy, driving technology expansion and growth in all sectors. These efforts demonstrate progress in Government’s strategic directions of **A Better Economy** and **A Bright Future**.

Businesses in Newfoundland and Labrador and around the world are recognizing both the issues and opportunities posed by changing climate. Government’s commitment to and pursuit of net-zero represents opportunities to develop innovative solutions for emission reductions and carbon offset that can be exported around the world. The province is also at the forefront of the ocean technology sector with more than 50 per cent of the nation’s ocean economy, the largest in Canada.

### Goal

By March 31, 2023, the Department of Industry, Energy and Technology will have supported the technology sector and innovation ecosystem in the province.

### 2021-22 Objective

By March 31, 2022, the Department of Industry, Energy and Technology will have actioned initiatives to support the technology sector and innovation ecosystem in the province.

### Indicators:

- **Supported business and market development initiatives**

IET supported business growth and expansion, as well as market development activities, through the Business Development Support Program (BDSP) and the

Business Investment Fund. These supports were important in sustaining businesses in all areas of the province, including as they prepared for post-pandemic recovery.

Examples of new projects included funding for operational and productivity improvements for the DJ Group of Companies' accommodation facilities in Northern Labrador and financial support for the construction of a new zipline for Exploits Extreme Ziplines Ltd.

- **Supported the technology sector by advancing action items in the Technology Sector Work Plan and Business Innovation Agenda**

IET advanced initiatives to support the growth and development of the technology sector. In addition to supporting several incubators and accelerators, IET worked with partners to enhance productivity and competitiveness with investments in technology adoption, innovation activities and tech talent initiatives. IET also assisted techNL to further implement its Business Technology Solutions program which has supported almost 300 companies in adopting new technologies. IET supported Bounce Health Innovation which engages with nearly 50 partner companies at varying stages of development, from seeking investment to undertaking clinical trials with Living Labs.

To encourage innovation with youth, IET provided an investment to Brilliant Labs NL to expand its work in developing science, technology, engineering, and math skills and through its Research Inspired Student Enrichment Awards program, IET supported 15 students to participate in science and technology enrichment programs internationally.

- **Established partnerships to advance supports in the innovation ecosystem**

In 2021-22, IET supported organizations and programs in the innovation ecosystem to assist new entrepreneurs in strategically building their businesses, and supported a new hub to accommodate the growing number of early stage companies. The Genesis Innovation Station integrates and expands on supports for early-stage technology startups and features enhanced programming to support companies along the path to commercialization. IET worked with incubators such as the Genesis Centre, MCE, the

Student Design Hub at Memorial's Faculty of Engineering and Applied Sciences, and Navigate, a partnership of Memorial's Grenfell Campus and the Corner Brook campus of College of the North Atlantic, to support entrepreneurs and accelerate development.

- **Supported commercial and academic R&D initiatives**

During 2021-22, 65 R&D projects (commercial and non-commercial) were approved for \$15,460,760 in funding. These investments were made in various sectors, to advance partnerships and to collaborate on innovation activities throughout the province. These investments leveraged almost \$55 million from partners to support R&D and innovation. The breakdown of non-commercial and commercial investments was:

- 36 projects were approved for \$8,750,428 through R&D non-commercial, leveraging \$43,086,189 in partnership funding.
- 29 projects were approved for \$6,710,332 through R&D commercial, leveraging \$11,829,607 in partnership funding.

**2022-23 Objective:**

By March 31, 2023, the Department of Industry, Energy and Technology will have strengthened the technology sector and innovation ecosystem through various initiatives and projects.

**Indicators:**

- Assisted local companies with growth plans focused on innovation, R&D and the development and adoption of new technologies
- Developed NL2030 – a Research and Innovation Roadmap for Newfoundland and Labrador
- Continued investment for the tech sector and start-up community including strategic investments in programs and accelerators to advance early stage companies
- Supported the renewable energy technology and clean technology sectors by advancing action items in the Renewable Energy Plan

## Issue Four – Business Growth and Regional Economic Development

IET continued to support business growth and regional economic development in collaboration with its community partners, the federal government and other stakeholders. This is in line with Government's overall strategic directions of **A Bright Future** and **A Better Economy**. Over the last two years, the provincial government has disbursed approximately \$50 million to businesses, community organizations and tourism operators through multiple offerings of IET's Small Business Assistance Program (SBAP) and the Tourism and Hospitality Support Program (THSP), in partnership with TCAR. To help address challenges faced in meeting the province's connectivity goals, IET released a Connectivity Strategy for Newfoundland and Labrador, building on a \$136 million collaboration between the governments of Canada and Newfoundland and Labrador.

### Goal

By March 31, 2023, the Department of Industry, Energy and Technology will have supported business growth and regional economic development activities.

### 2021-22 Objective

By March 31, 2022, the Department of Industry, Energy and Technology will have actioned initiatives to support business growth and regional economic development initiatives.

### Indicators:

- **Advanced sector development priorities for partnerships with industry associations**

IET provided funding for industry associations to continue collaborative activities to support sector development including the: Newfoundland and Labrador Organization of Women Entrepreneurs; Newfoundland-Labrador Federation of Co-operatives; Atlantic Canadian Aerospace and Defence Association; Craft Council of NL; Canadian Manufacturers and Exporters (CME); techNL; econext; and OceansAdvance. IET has

worked closely with all industry associations to advance strategic initiatives in key sectors. Examples include: continued work with the Craft Council of NL and other partners to update the Craft Industry Strategy to address the challenges of the past two years and embrace the opportunities that have emerged for craft makers; providing client advice and funding support for the development of innovative solutions in the clean growth sector to reduce GHG emissions and decrease environmental impacts; and partnering with CME on several manufacturing trade networks, and providing improvement and lean training.

IET continued to work with the various Indigenous groups, including their respective business development arms, to advance projects under departmental programs. These supports directly impacted Indigenous business development through activities such as capacity building, business counseling and market development activities.

- **Supported regional priorities through the Regional Development Fund**

In 2021-22, IET committed funding of \$7,424,965 through the RDF for 85 new projects across the province, reflective of regional and sub-regional priorities in four key areas: infrastructure, capacity building, marketing and research initiatives. These projects leveraged an additional \$28,313,113 from other funding sources including client or private contributions, and federal sources. Thirty-three projects supported by RDF were advanced in partnership with municipalities.

- **Supported social enterprises for business and regional growth**

IET worked in partnership with organizations and stakeholders to advance social enterprise development. In 2021-22, IET provided funding support for phase two of Memorial University's Centre for Social Enterprise, and also worked with the Public Procurement Agency to deliver presentations to not-for-profit organizations about government procurement practices and policies. IET's business and economic development programs provided support for social enterprise activity such as funding for SucSeed Social Enterprises Inc., Broadening Horizons Recycling Inc., and

Community Capacity Building strategic planning sessions for not-for-profit organizations addressing workforce challenges.

- **Invested in business led R&D and tech initiatives, high-growth potential firms and supported business investment in tech and tech adoption**

During 2021-22, 29 projects were approved for \$6,710,332 through R&D commercial, leveraging \$11,829,607 in partnership funding. Additionally, through the Business Innovation Agenda, IET provided support for businesses to enable innovation and remove barriers to growth, including approving a non-repayable \$459,094 contribution to Seamatica Aerospace Limited. With IET funding of \$129,000, Polyamyna Nanotech created innovative products that keep hard surfaces pathogen-free, including free of superbugs.

- **Provided market ready companies support to access the global market**

In 2021-22, IET supported greater international market access and provided businesses with the tools they need to compete and succeed in global markets. Through the BDSP, 156 projects were approved in 2021-22 for \$6,407,584 leveraging \$5,215,258 in partnership funding. For example, Avalon Holographics has developed the world's first natural 3D commercial holographic displays and received a non-repayable \$98,252 investment to accelerate business growth through the development of key markets in the United States and Canada.

IET commissioned an examination of trade development opportunities in Guyana in sectors that align with Newfoundland and Labrador. Under the Atlantic Trade and Investment Growth Strategy and Agreement, eight provincial companies participated in the Grow Export Program. In 2021-22, five provincial companies participated in Europe and Asia Market Development Programs which are long-term strategically focused market development programs.



- **Advanced broadband and cellular service connectivity**

In addition to the \$136 million federal-provincial broadband collaboration announced in early 2022, IET released Newfoundland and Labrador's Connectivity Strategy, which outlines actions to advance connectivity to households, businesses and communities in the province. During 2021-22, IET also continued to disburse funds for approved cellular and broadband projects being implemented over multiple years in various areas of the province.

**2022-23 Objective:**

By March 31, 2023, the Department of Industry, Energy and Technology will have strengthened business growth and regional economic development through various initiatives and projects.

**Indicators:**

- Provided supports, counselling, and advice to assist company growth, competitiveness and to access internationalization opportunities
- Worked collaboratively with partners on strategic initiatives for the retention and attraction of highly qualified people to the Province
- Worked to develop strategies to bring cellular coverage to small and remote communities
- Invested in business led R&D and tech initiatives, high-growth potential firms and support business investment in tech and tech adoption

## Issue Five – Electricity and Renewable Energy

The Government of Newfoundland and Labrador is committed to net-zero emissions by 2050. Advancing this commitment will allow the province to create employment opportunities for the people of the province, and further position Newfoundland and Labrador as an energy supplier. In December 2021, the Provincial Government launched its five year Renewable Energy Plan, **Maximizing Our Renewable Future**. Renewable energy will play an important role in addressing climate change which is occurring at an unprecedented pace worldwide.

IET also worked closely with stakeholders to oversee improved governance of the province's electricity sector. During 2021-22, IET continued to ensure effective industry oversight and engagement, continued to implement actions related to the Muskrat Falls Inquiry, participated in the Muskrat Falls Oversight Committee and Transition to Operations Committee, and participated in the Atlantic Clean Energy Roadmap with other Atlantic Provincial Governments and Utilities. Advances made in these areas correspond with Government's strategic directions of **A Bright Future** and **A Better Economy**.

### Goal

By March 31, 2023, the Department of Industry, Energy and Technology will have improved the governance of the province's electricity sector, to provide greater value to the people of the province.

### 2021-22 Objective

By March 31, 2022, the Department of Industry, Energy and Technology will have initiated immediate actions identified in the Muskrat Falls Inquiry report, Public Utilities Board report on rate mitigation options, and the provincial renewable energy plan.

### Indicators:

- **Initiated actions related to the Final Report of the Commission of Inquiry Respecting the Muskrat Falls Project**

There are 17 key and ancillary recommendations in the Final Report of the Commission of Inquiry Respecting the Muskrat Falls Project that have been accepted in principle. Work is ongoing to implement the recommendations. In 2021-22, IET progressed efforts to implement the recommendations, including work to develop a Terms of Reference for the Churchill River Management Expert Panel. In June 2021, Government announced that Nalcor Energy operations would be moving under NL Hydro and work is ongoing to review the existing corporate and governance structure.

- **Initiated actions related to the Board of Commissioners of Public Utilities Final Report Rate Mitigation Options and Impact – Muskrat Falls Project**

Key financial recommendations and findings identified by the Board of Commissioners of Public Utilities have been addressed through the June 2021 \$5.2 billion federal-provincial agreement in principle on rate mitigation measures. Other policy issues, including finding efficiencies at NL Hydro, rural rates policy, performance-based regulation, etc., are also being studied with a view to implementing those recommendations that are appropriate in the Newfoundland and Labrador context.

- **Completed industry and stakeholder consultations and finalized the provincial renewable energy plan**

In the fall of 2021, IET completed consultations with residents, Indigenous governments and organizations, the Premier’s Youth Council, industry and stakeholders on the development of a provincial renewable energy plan. IET received 57 Industry and Stakeholder Questionnaires, 145 Public Questionnaires, 39 written submissions, and had five virtual meetings with individuals interested in providing further clarity on their submission. Informed by the findings of the consultation process, on December 16, 2021, IET released its renewable energy plan, “**Maximizing Our Renewable Future.**” The five-year Renewable Energy Plan provides a sustainable long-term vision for Newfoundland and Labrador to maximize its renewable energy future. Together, with the ongoing support and participation of industry and stakeholders, this plan will support Newfoundland and Labrador’s transition to a low-carbon economy, create employment

opportunities for residents, and further position Newfoundland and Labrador as a Clean Energy Centre of Excellence.

**2022-23 Objective:**

By March 31, 2023, the Department of Industry, Energy and Technology will have further identified and advanced opportunities to leverage our renewable energy resources to maximize benefit for the people of the province.

**Indicators:**

- Continued to facilitate commissioning and cost recovery of the Muskrat Falls Project
- Continued to implement rate mitigation initiatives to avoid potential electricity rate increases to the extent possible
- Reported on the one-year implementation of the Renewable Energy Plan
- Reviewed the wind moratorium policy on the Island Interconnected Electricity System

## Opportunities and Challenges

### **Business and Economic Development**

With the onset of COVID-19 in 2020 and the resulting impacts, many companies faced new challenges related to capital initiatives and marketing plans. To support companies, IET modified its programs on a temporary basis by financing project costs at 75 per cent instead of the normal 50 per cent generally required under established programs. In addition, measures such as the SBAP and the THSP, provided financial support to small businesses, community organizations and tourism operators. Supply chain issues and cost overruns, particularly on construction and resource development initiatives continue to be on-going economic concerns. As travel and other pandemic related restrictions lessen, IET continues its efforts to support economic growth and diversification.

Through business and regional development programs, the department recognizes that priorities and opportunities differ from region to region. Ongoing work is required with business, community, and other governments to ensure growth initiatives are identified in various sectors. IET has worked with partners to help build planning capacity and to identify priority areas for investment.

As a result of COVID, many projects have been impacted by continued supply chain issues. In addition, many businesses continue to be challenged with accessing required labour force to operate at full capacity. IET continues to work with the Department of Immigration, Population Growth and Skills and other partners to advance solutions with industry associations and other partners. While there are regional nuances, there are general economic concerns among many businesses and partners in economic development related to market volatility and the continued effects of the pandemic.

### **Mineral Exploration and Mining**

Newfoundland and Labrador has the mineral potential to capitalize on the global transition to a green low carbon and digitized economy, including high quality iron ore, nickel, copper, cobalt and other minerals deemed critical. Opportunities exist for

investment in research, development and infrastructure that support mineral development as well as potential downstream processing. IET continues to collaborate on a Federal/Provincial/Territorial critical minerals task team, working toward building an integrated, all-Canadian critical mineral and battery value chain supporting the inclusion of mineral opportunities in this province. The challenge for the province is realizing the full benefit of mineral development. There are factors beyond IET's influence that support mineral projects, including strong metal prices that aid in revenue growth for existing mines and raising capital to fund exploration. As mineral deposits and mines are often located in remote areas, the cost to build or access infrastructure to supply green energy is a challenge and can deter investment. Going forward, IET will build on the province's competitive policy regime to harness its vast mineral potential.

### **Oil and Gas**

As Government advances its efforts to achieve net-zero by 2050 and plan for a transition, it recognizes the critical role that oil and gas will continue to play for the foreseeable future. During the transition, oil and gas is needed and resources in Newfoundland and Labrador have some of the lowest carbon emissions and are subject to a world-class regulatory regime. Moving forward, IET will foster an environment that supports the economy by embracing renewable energy while maximizing our low-carbon oil and gas advantage. IET also continues to work with the Federal Government on the ongoing modernization of the offshore regulatory environment, while maintaining and enhancing the joint management regime for offshore oil and gas. Governments are also pursuing changes to the Atlantic Accord legislation to rename the C-NLOPB and provide it with an expanded mandate to include renewable energy to support the transition to a clean economy and create sustainable jobs.

### **Rate Mitigation**

In February 2022, federal and provincial governments signed term sheets establishing the details of a \$5.2 billion rate mitigation deal that will see electricity rates remain affordable after the Muskrat Falls project is commissioned. IET will continue to support

rate mitigation and to partner with other government departments and industry to advance solutions to mitigate potential future electricity rate increases.

### **Load Growth and Reliability**

There are significant opportunities for increasing domestic use of the province's clean renewable energy while managing and mitigating any associated supply cost impacts. IET is working closely with NL Hydro and stakeholders to understand and advance customer load growth opportunities in the province while supporting system reliability and minimizing the costs for existing customers and maximize benefits to residents.

### **Renewable Energy**

Newfoundland and Labrador has an abundance of developed and undeveloped renewable energy resources, as well as experience and expertise in our technology and energy sectors. This presents opportunities to use the province's hydro, wind, biomass, solar, and wave/tidal resources within the province, for the reduction of provincial greenhouse gas emissions, and will assist in achieving its net-zero commitments. It also presents opportunities to export energy that is surplus to provincial needs, to our Atlantic neighbors, and beyond. As such, Newfoundland and Labrador is well positioned to advance our renewable energy leadership and supplier status, providing opportunities for its residents to participate in, and grow, the province's renewable energy industry. The province must be strategic about the approach taken to ensure maximum long-term benefits for Newfoundlanders and Labradorians, including affordable and reliable electricity, increased jobs and economic development.

## Financial Information

Expenditure and revenue figures included below are based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal Year Ended 31 March 2022.

		Estimates		
		Actual (\$)	Amended (\$)	Original (\$)
<b>Executive and Support Services</b>				
1.1.01	Minister's Office	256,220	267,200	267,200
1.2.01	Executive Support	1,974,036	2,337,600	1,812,600
1.2.02	Corporate & Strategic Services <sup>1</sup>	2,035,976	2,574,800	2,669,800
	Less: Revenue	0	(86,000)	(86,000)
1.2.03	Administrative Support (Capital)	0	100	100
<b>Total</b>		<b>4,266,232</b>	<b>5,093,700</b>	<b>4,693,700</b>
<b>Mining and Mineral Development</b>				
2.1.01	Geological Survey	4,114,807	5,022,100	3,630,300
2.1.02	Mineral Lands	1,437,696	1,595,700	1,496,700
2.1.03	Mineral Development	3,594,183	3,902,400	3,277,000
<b>Total</b>		<b>9,146,686</b>	<b>10,521,200</b>	<b>8,404,000</b>
<b>Energy Development</b>				
3.1.01	Energy Policy	3,728,430	4,069,000	3,679,000
	Less: Revenue	0	(80,000)	(80,000)
3.1.02	Petroleum Development	1,173,384	1,230,900	1,230,900
3.1.03	Canada/NL Offshore Petroleum Board	11,187,500	11,187,500	11,187,500



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		Estimates		
		Actual (\$)	Amended (\$)	Original (\$)
	Less: Revenue	(11,038,979)	(11,187,500)	(11,187,500)
3.1.04	Royalties and Benefits	2,049,863	2,386,000	2,636,000
3.1.05	Oil and Gas Industry Support	191,007,815	299,714,600	325,608,500
	Less: Revenue	(12,000,000)	(6,000,000)	(6,000,000)
3.1.06	Oil and Gas Corporation of Newfoundland and Labrador	33,274,799	33,274,800	33,274,800
3.1.07	Oil and Gas Corporation of Newfoundland and Labrador (Capital)	4,371,900	4,371,900	4,371,900
3.1.08	Energy Initiatives (Capital)	250,000,000	250,000,000	250,000,000
	Less: Revenue	0	(250,000,000)	(250,000,000)
<b>Total</b>		<b>473,754,712</b>	<b>338,967,200</b>	<b>364,721,100</b>
<b>Business and Innovation</b>				
4.1.01	Accelerated Growth	1,555,043	2,355,800	2,355,800
	Less: Revenue	(53,074)	(300,000)	(300,000)
4.1.02	Investment Attraction Fund (Capital)	6,355,593	10,009,000	8,000,000
	Less: Revenue	(5,870,883)	0	0
4.2.01	Business Analysis	1,316,058	2,309,900	2,554,900
4.3.01	Innovation and Business Investment	37,362,700	37,362,700	16,836,000
<b>Total</b>		<b>40,665,037</b>	<b>51,737,400</b>	<b>29,446,700</b>
<b>Industry and Economic Development</b>				
5.1.01	Sector Diversification	2,511,138	2,687,800	1,421,800

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		Estimates		
		Actual (\$)	Amended (\$)	Original (\$)
	Less: Revenue	(59,003)	0	0
5.2.01	Regional Economic and Business Development	3,288,311	4,225,500	4,545,500
5.3.01	Comprehensive Economic Development	7,512,303	14,960,600	14,960,600
	Less: Revenue	(6,252)	0	0
<b>Total</b>		<b>13,246,497</b>	<b>21,873,900</b>	<b>20,927,900</b>
<b>Total Department</b>		<b>541,079,164</b>	<b>428,193,400</b>	<b>428,193,400</b>

<sup>1</sup> In 2021-22, a portion of Corporate and Strategic Services – specifically the Finance & General Operations function – was shared with the Department of Fisheries, Forestry & Agriculture.

## **Inactive Entities**

### **Private Air Access Advisory Committee**

Established in August 2011, the Private Industry Air Access Advisory Committee provided advice to the Government of Newfoundland and Labrador on matters related to a 2010 air access strategy, which concluded in 2014-15.

