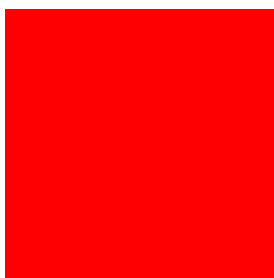
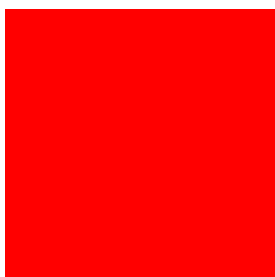


2001-02 Annual Report

Department of Industry, Trade and Rural Development



GOVERNMENT OF
NEWFOUNDLAND
AND LABRADOR

2001-02 Annual Report

Department of Industry, Trade and Rural Development

To request a copy

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Cover photographs**Top row**

Left: Hi-Point Industries, Bishop's Falls

Right: TUC Enterprises, Nain

Middle row

Colony of Avalon Archaeological Tourism Centre, Ferryland

Bottom row

ZeddComm, St. John's

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Message from the Minister

The Department of Industry, Trade and Rural Development was created in February of 2001 by combining the Department of Development and Rural Renewal with the Department of Industry, Trade and Technology. This brought together government's major economic and business development activities in a single department. This report represents the first annual report for the new department.

A major goal of government is to ensure that all parts of the province, but particularly rural areas, share in our economic progress. A core part of achieving this is the implementation of the *Renewal Strategy for Jobs and Growth* which was released shortly after the creation of the new department. Fully two-thirds of the "priorities for action" in the strategy focus specifically on rural Newfoundland and Labrador – making the strategy a strong rural agenda.



I am pleased to report that our plan for economic growth and job creation is working and the actions of the Department of Industry, Trade and Rural Development are producing real results.

Our economy is growing at a healthy pace. It is becoming much more diversified. New job creation is strong. Unemployment is falling. Out-migration is slowing significantly. Exports are expanding rapidly. The trend line for all economic indicators is moving in the right direction.

Employment growth – the most direct indicator of a healthy economy – was especially strong in 2001. Employment grew by 3.3% or 6,700 jobs in 2001, three times the national rate, to a record high of 211,300 jobs. This exceeded the province's previous all time employment record of 207,400 set in 1990. I am particularly proud of the fact that economic and employment gains were realized throughout the province in 2001 – in fact, 75 per cent of the 6,700 new jobs created in 2001 were generated in areas outside the St. John's region.

The strength of our new approach is that, as a province, we are moving forward together. We have partnered with regional economic development boards, municipalities, the private sector, organized labour, community economic development organizations and the federal government to create new opportunities for Newfoundlanders and Labradorians.

At the same time, we recognize that significant challenges remain. However, the building blocks are solidly in place and I am committed to working aggressively with our partners in advancing the mandate of the Department of Industry, Trade and Rural Development to achieve even greater results in the years ahead.

A handwritten signature in black ink, appearing to read "Judy M. Foote". The signature is stylized and fluid.

JUDY M. FOOTE, M.H.A.
District of Grand Bank
Minister

Departmental Overview

A New Department

The Department of Industry, Trade and Rural Development was created on February 13, 2001 by combining the Department of Development and Rural Renewal with the Department of Industry, Trade and Technology. In August of 2001, the Regional Development Branch of the Intergovernmental Affairs Secretariat was transferred to the new department. This brought together, in a single department, all of government's major economic and business development activities.

Mandate and Mission

The department's mandate is to strengthen and diversify the economy on a provincial and regional basis, with particular attention to rural areas. The department plays a leadership role in creating and maintaining a competitive economic environment that encourages and supports private sector investment, business growth and long term sustainable employment opportunities for Newfoundlanders and Labradorians in all regions of the province.

Core Business Lines

The department manages seven lines of business:

- small business development;
- regional economic development;
- strategic industries development;
- trade and export development;
- business attraction;
- industrial benefits - major resource projects; and
- the coordination of government's *Renewal Strategy for Jobs and Growth*.

Organizational Profile

The department is structured around five branches as outlined below and shown more fully in Appendix A.

- Jobs and Growth Secretariat;
- Trade and Investment Branch;
- Strategic Industries and Regional Development Branch;

- Advanced Technologies, Research and Industrial Benefits Branch; and
- Regional Operations Branch.

The department is organized geographically along three lines as described below and presented in more detail in Appendix B.

- A corporate office based in St. John's (with some functions in Marystown) that is responsible for policy and program development, strategic planning and overall departmental administration;
- Five regional offices in Happy Valley- Goose Bay, Corner Brook, Gander, Clarenville and St. John's that manage the delivery of most client programs and services; and
- Twenty-two local (zonal) offices that deliver most front-line programs and services to clients.

The department has just over 200 employees. Approximately 60 per cent of the staff work in the corporate office (including 15 employees in Marystown), with the remainder located in the five regional offices and 22 local (zonal) offices.

Budget

The department's total expenditures in 2001-02 were approximately \$44.7 million. This included \$19.4 million for economic development projects that were cost-shared with the federal government. The department received \$4.5 million in revenues from its business (loan and equity) investment portfolio and just over \$600,000 in revenue from other miscellaneous sources, such as trade show registration fees. Taking all of its revenues into account, including \$8.6 million in federal contributions to cost-shared projects, the department's net expenditures were approximately \$31 million in 2001-02.

External Boards, Corporations and Agencies

A number of external boards, corporations and agencies reported to the minister in 2001-02 as listed below. Their mandates and activities are described in other sections of this report and the audited financial statements for them (as relevant) are available separately from this report.

- Enterprise Newfoundland and Labrador
- Fisheries Loan Board
- Farm Development Loan Board
- EDGE Evaluation Board

Client Funding Programs

The department has a number of financial assistance programs to facilitate the delivery of its mandate to external clients:

- Small Business Seed Capital Equity Program;
- Business and Market Development Program;
- Fisheries Loan Guarantee Program;
- Aquaculture Working Capital Fund;
- Venture Capital (Direct Equity) Tax Credit Program;
- Community Economic Development Program;
- Craft Industry Development Program; and
- Economic Diversification and Growth Enterprises (EDGE) Program.

Key Priorities and Achievements

1. Co-ordination of the Renewal Strategy for Jobs and Growth

The final report on the *Renewal Strategy for Jobs and Growth* was released in March 2001 by the Department of Industry, Trade and Rural Development. The 2001-02 fiscal year represented the first full year of its implementation.

The *Renewal Strategy for Jobs and Growth* provides a comprehensive picture of the long term direction government intends to pursue in advancing the economic development agenda of the province and presents an action oriented plan to move that agenda forward. It responds directly to the issues and challenges facing Newfoundland and Labrador as conveyed to government through 23 public consultation sessions and 10 round table industry forums.

A total of 136 “priorities for action” are outlined in the *Renewal Strategy for Jobs and Growth*, structured around five main themes:

- capturing strategic growth opportunities;
- creating the right environment for economic development;
- investing in education, training and youth;
- adopting new strategic partnerships; and
- building stronger communities and stronger regions.

The Department of Industry, Trade and Rural Development is responsible for coordinating the implementation of the *Renewal Strategy for Jobs and Growth* across government, giving particular attention to the needs of rural Newfoundland and Labrador. Two-thirds of the 136 “priorities for action” in the strategy focus on rural Newfoundland and Labrador, making the overall strategy a strong rural agenda.

Departments responsible for the specific “priorities for action” have reported that 115 of the 136 priorities have been fully implemented or are being acted on. Overall implementation is on target in all five policy areas.

The Strategic Partnership Forum

In January 2002, government, labour and business joined forces to launch the Strategic Partnership Forum. This is a new and experimental model of cooperation and collaboration to improve the way government, labour and business work together in tackling common issues that need to be addressed to move the economy forward. It is a new way of doing business in Newfoundland and Labrador based on successful partnership models in other North Atlantic countries, such as Ireland, Iceland and the Netherlands.

The initial meeting of the Strategic Partnership Forum, chaired by the Premier, was held on March 8, 2002. Future work of the Forum will examine the ongoing challenges presented by the current federal equalization formula, demographic changes occurring among the population of Newfoundland and Labrador, and strategic factors affecting competitiveness and productivity in the provincial economy.

2. Small Business Development

Small businesses employing fewer than 50 people make up 95 per cent of all business enterprises in our province and account for over one third of all employment in Newfoundland and Labrador. Their growth and development is key to a diversified and vigorous economy in all parts of the province.

The Department of Industry, Trade and Rural Development is responsible for establishing and maintaining a positive environment to help small businesses grow and succeed. The department also provides direct assistance and support to individual small business enterprises through its province-wide network of offices and professional staff.

New Measures to Strengthen the Small Business Development Agenda

Through the *Renewal Strategy for Jobs and Growth*, a number of new initiatives and actions have been launched by the Department of Industry, Trade and Rural Development to strengthen the province's overall small business environment.

☑ Together with the Department of Finance, we eliminated the payroll tax for small businesses with payrolls of \$500,000 or less. This removed almost 95 per cent of all businesses in the province from this tax.

☑ In partnership with the Federation of Cooperatives, we expanded the Collective Enterprise Development Program which provides loans from \$500 to \$5,000 to very small (micro) businesses and self-employed entrepreneurs. Since first piloted in 1997, this initiative has assisted in the start-up or expansion of almost 200 micro-businesses, providing employment for more than 250 people.

☑ In partnership with the federal government, we expanded and strengthened the network of "single-window" federal-provincial-community business service centres in each of the 20 economic zones. These centres provide more accessible and streamlined "one-stop" support services to the small business community in all areas of the province.

☑ We strengthened the EDGE program to make Newfoundland and Labrador the most competitive jurisdiction in Canada for new business investment. We also provided enhanced EDGE benefits for businesses starting up or expanding in rural areas.

☑ We created two new programs to help small businesses take advantage of new growth opportunities in our economy - a Small Business Seed Capital Equity Program and a Small Business and Market Development Program.

☑ We introduced a new venture capital tax credit program to encourage private investment in new or expanding small businesses, with enhanced benefits for businesses setting up or expanding in rural areas.

☑ In partnership with the federal government and community economic development organizations, we established a new \$10 million small business investment program that is focused specifically on the needs of rural communities impacted by the collapse of the groundfish industry.

The Small Business Agenda in Action

The Department of Industry, Trade and Rural Development was highly active in 2001-02 in implementing its small business development agenda.

☑ Through the "single-window" network of federal-provincial-community business service centres in each of the 20 economic zones, more than 6,750 inquiries and requests for information from entrepreneurs and small business owners were received and processed.

☑ Our Economic Development Officers located in the department's 22 local offices provided specialized business counselling services to more than 1,200 entrepreneurs and companies in 2001-02.

☑ Ongoing business “after-care” services were provided to more than 2,500 small business clients who received direct financial assistance from the department and its predecessor organizations in previous years. This investment portfolio was valued at approximately \$147.5 million at the end of 2001-02 and was managed by an independent board accountable to the minister under the authority of the Enterprise Newfoundland and Labrador Corporation Act, the Fisheries Loan Board Act and the Farm Development Loan Board Act. The functions of these three agencies have since been replaced and consolidated under a new Business Investment Corporation reporting to the minister.

☑ The Small Business Seed Capital Equity Program invested \$1.5 million in 38 companies in 2001-02, leveraging \$7.4 million in additional financing to help start or grow new small businesses.

☑ The Small Business and Market Development Program invested \$612,690 in 53 firms in 2001-02, leveraging an additional \$1.6 million in business financing to help entrepreneurs and small businesses pursue new business ideas and new markets for their products and services.

☑ The Fisheries Loan Guarantee Program provided \$13.6 million in loan guarantees through the chartered banks to 26 fish harvesters in 2001-02 for the purchase of new or used vessels to help them take advantage of ongoing and emerging new business opportunities in the fishery.

☑ The Aquaculture Working Capital Fund provided \$288,007 in loans to five aquaculture businesses in the province in 2001-02, leveraging an additional \$529,590 in business financing to help expand mussel and other shellfish aquaculture operations in the province.

☑ The Venture Capital (Direct Equity) Tax Credit Program helped 18 companies raise \$2.7 million in private equity with the benefit of \$777,000 in

provincial tax credits. Twelve of these companies are based in rural Newfoundland and Labrador.

☑ EDGE status was granted to four companies in 2001-02 upon the recommendation of the EDGE Evaluation Board. This brought the total number of active EDGE companies in the province to 56. These companies employed 1,630 people in 2001 and have invested over \$4.5 million in their operations since being granted EDGE status.

Innovative New Program Launched to Help Small Businesses

In 2001, the Department of Industry, Trade and Rural Development piloted a new Business Retention and Expansion Program. This initiative surveyed existing small businesses to help identify and address short term and long term barriers to growth. Both business owners and community leaders were engaged in this action oriented process.

Two pilot projects were implemented in 2001, one with the Exploits Valley Regional Economic Development Corporation, and the other with the Newfoundland and Labrador Association of Technology Industries (Nati). The pilot projects proved to be practical and useful tools to support and expand small businesses in the province.

This program was nominated for the "President's Award of Excellence" at the 2002 Business Retention and Expansion International Conference in Memphis, Tennessee. The department intends to expand the program throughout the province as soon as possible.

3. Regional Economic Development

The Department of Industry, Trade and Rural Development is responsible for ensuring that all regions share in the province's economic progress and that the overall economy develops more fully on a regional basis. The 20 regional economic development boards are the core institutional mechanism to achieve this objective.

Strong Support to Zonal Boards

☑ Operational funding was renewed for the 20 regional economic development boards for an additional three year period by the Department of Industry, Trade and Rural Development and the Atlantic Canada Opportunities Agency (ACOA) in 2001-02.

☑ In the fall of 2001, the Cabinet Committee on Economic Policy and Rural Revitalization met with the 20 regional economic development boards to review the status of their strategic economic development plans and the implementation of their regional priorities for action.

☑ The Department of Industry, Trade and Rural Development, through its network of 22 zonal offices, worked with all 20 boards to bring a sharper focus to the regional economic development agenda in keeping with distinctive regional strengths across the province. A key goal was to establish stronger linkages with the private sector and with overall provincial industry development strategies.

☑ An integrated regional development work plan was piloted in the department's western region in 2001. This brought together key federal and provincial government departments with the five regional economic development boards in the area to establish a coordinated annual work plan in support of the priorities set by the boards. This pilot initiative was successful and has since been extended to all 20 boards throughout the province.

☑ With financial support provided by Human Resources Development Canada and ACOA, the Department of Industry, Trade and Rural Development launched a "community capacity building" initiative with the 20 boards in 2001 to strengthen the capacity of organizations at the local level to participate as full and effective partners in the regional economic development process. This initiative was also linked to the "community capacity building" efforts being advanced through the province's Strategic Social Plan.

☑ Futures in Newfoundland and Labrador Youth (FINALLY), a province-wide network of young people interested in community economic development, extended its reach in 2001 by establishing youth councils in 16 of the 20 economic zones with the assistance of the Department of Industry, Trade and Rural Development.

Strengthening Positive Attitudes - Promoting Confidence

Positive "can-do" attitudes and self-confidence are critical ingredients to the continued development of our economy, especially in rural areas and among youth in Newfoundland and Labrador. The Department of Industry, Trade and Rural Development plays a leadership role in this area through a number of initiatives.

RuralEXPO 2001

In October 2001, the Department of Industry, Trade and Rural Development organized the first ever province-wide rural showcase event called RuralEXPO 2001. It showcased and promoted the economic potential of and business successes in rural Newfoundland and Labrador. RuralEXPO 2001 was an unprecedented success, with more than 150 rural exhibitors and 450 delegates attending the three-day event in Gander, including 105 youth representatives from all corners of the province. As well, more than 2,500 people toured the rural business exhibition hall over a two-day period.

RuralEXPO 2001 a Huge Success

"I truly came away from the Expo with a feeling of excitement for the future of the province and pride in our accomplishments."

- Carole Ann Ryan, Executive Director
Skills Canada Newfoundland & Labrador

Community Economic Development Awards

The first annual Community Economic Development Awards were presented at RuralEXPO 2001 to celebrate and acknowledge the accomplishments of individuals and organizations who have excelled as leaders in community economic development in Newfoundland and Labrador. Five awards were presented:

- **Wilf Sutton and Tom Sutton (Trepassey)** - Outstanding Individual Achievement
- **Newfoundland and Labrador Organization for Women Entrepreneurs** - Excellence in Fostering Entrepreneurship
- **Nordic Economic Development Corporation (Northern Peninsula)** - Excellence in Partnership
- **Michelle Snow (Clarke's Beach/St. John's)** - Excellence in Youth Leadership
- **Random North Development Association** - Innovation in Education

Getting the Message Out

A high energy youth oriented economic information initiative, known as the Getting the Message Out Program (GMO), is designed to show young Newfoundlanders and Labradorians that they have an economic future in the province. Aimed primarily at high school students, the GMO program profiles successful entrepreneurs and small business opportunities in growing sectors of the economy, especially in rural areas.

During 2001-02, the GMO team, which is comprised of students recruited from MUN's Co-operative

Business Administration Program, delivered 142 presentations to high school audiences and 74 presentations to post-secondary groups. Program participation expanded in 2001-02 to include special interest and high-risk employment groups for an additional 65 presentations. In total, 281 presentations were delivered to more than 9,000 participants from coastal Labrador to the Northeast Avalon area.

We're Doing It. Right Here.

The "We're Doing It. Right Here" public awareness campaign, aimed at fostering an improved public understanding of the diverse economic opportunities that exist in the province and the successes of many of our entrepreneurs on the world stage, was strengthened in 2001-02 through a renewed television and print media campaign. This "can do" initiative has received positive response from both the general public and the business community, particularly in rural areas of the province.

Investing in Regional Economic Development

The Department of Industry, Trade and Rural Development, through cost-shared economic development agreements with the federal government and its own provincial programs, invests significantly in the priorities identified by the 20 regional economic development boards to help diversify and strengthen local economies in all regions of the province.

☑ Over 250 regional and local development initiatives, having a total value of \$41 million, were approved throughout the province in 2001-02 through a number of cost-shared agreements with the federal government.

☑ The Department's Community Economic Development Program invested \$1.5 million in 68 projects throughout the province in 2001-02 to assist individual communities take advantage of local economic diversification opportunities or adjust to significant economic challenges in their communities.

☑ A \$3.8 million Special Employment Initiative was implemented in the fall/winter of 2001 by the Department of Industry, Trade and Rural Development to provide employment opportunities for individuals and families in areas of the province facing extraordinary economic circumstances and challenges. Over 400 community-based development projects were approved through this initiative.

Examples of Federal-Provincial Regional Economic Development Investments: 2001-02

Strategic Economic Projects

- Labrador Winter Trails - \$2 million for completion of snowmobile trail developments throughout Labrador.

Technology Development Projects

- Smart Labrador Project - \$1 million for IT infrastructure and to support economic/social development applications from new IT technologies.

Community Economic Development Projects

- Investments included \$640,128 to the Trepassey Management Corporation to enhance area infrastructure to support new small business opportunities.

Tourism Development Projects

- The Sir William Coaker Heritage Foundation Inc. - \$1.5 million to restore the Fishermen's Advocate Press and Mill Shop as a new tourism generator for the Bonavista region.
- Gateway Labrador in Labrador West - \$710,826 for construction of a Tourism Interpretation Centre and Visitors Information Centre.
- Gateway Village Corporation in Channel-Port-aux-Basques - \$460,000 for development of new tourism infrastructure in the community.

4. Strategic Industries Development

Strategic industries development focuses on the development of new business opportunities in three broad areas that offer the potential to diversify and strengthen the overall economy:

- new opportunities in the province's manufacturing sector beyond traditional resource industries;
- emerging opportunities in "new economy" sectors such as biotechnology, marine communications, information technology and environmental industries; and
- value-added opportunities in traditional resource-based industries such as agrifoods and wood products.

Small-Scale Manufacturing

Small-scale manufacturing is an important component of the provincial economy contributing to economic growth in both rural and urban areas. A comprehensive *Small Scale Manufacturing Development Strategy* was adopted in 2001 in conjunction with the Canadian Manufacturers and Exporters Association. This strategy helps firms adopt best manufacturing practices, team-based management techniques, new production technologies, ISO certification, export marketing expertise, and e-commerce capabilities.

The Growing Craft Industry

The crafts, apparel and giftware sector is a growing industry with over 200 businesses and \$38 million in annual revenues. The industry provides employment for over 2,000 people throughout the province. The department coordinates its industry development efforts in this area with the Craft Council of Newfoundland and Labrador. In 2001-02, a new Craft Industry Development Strategy was developed in consultation with key stakeholders. The strategy, launched in February 2002, aims to double the value of the craft industry in the province and create an additional 500 jobs over the next five years. A \$1 million craft industry development fund was established at the same time to support implementation of the new strategy.

Emerging Industries

The department promotes growth in emerging new sectors of the economy, such as the information and communication industries, biotechnology, marine and environmental technologies, and the defence and aerospace sector. Key accomplishments in 2001-02 included:

☑ The launch of a process to develop an Environmental Industry Development Strategy for the province, in partnership with the Newfoundland and Labrador Environmental Industries Association and other industry partners.

☑ Ongoing work with BioEAST and other key industry stakeholders to implement a new Biotechnology Industry Development Strategy.

☑ Aggressive support for the small but growing defence and aerospace sector, by collaborating with the Newfoundland and Labrador Association of Technology Industries (Nati) to identify and pursue new business opportunities in this industry.

☑ Operation ONLINE wound up a successful five-year mandate in 2001-02, serving as a catalyst for growth of the province's information technology industry. The industry is now able to support itself through a strong organization of its own in Nati (Newfoundland and Labrador Association of Technology Industries).

☑ Government renewed its information technology services contract in 2001 with xwave, which included an enhanced Industrial Benefits Agreement to strengthen the overall information technology industry in the process. Since originally executed in 1994, this arrangement has brought \$43 million in new IT business to the province, has created over 200 new IT professional jobs, and has resulted in more than \$20 million in new IT work for local companies.

Receiving the World Celebrations

The Department of Industry, Trade and Rural Development took on a leadership role in the *Receiving the World 2001* celebrations which promoted the province's wireless and communications technology industries to the international marketplace. Activities included:

☑ **Marconi Communications Award** - presented to Stratos Global of St. John's for exemplifying the vision of Marconi, the "Father of Wireless Communication." The award recognized ingenuity in the development, use and commercialization of new wireless communications technology products.

☑ **Marconi Communications Export Award** - presented to Lotek Wireless Inc. of St. John's for exceptional export performance in the communications technology industry.

☑ **Sending Your Signal Program** - a program designed to encourage local communications technology businesses and organizations to strengthen their international marketing capabilities.

☑ **The Wireless Vision Congress** - an industry-based international event held in September 2001 in St. John's. Termed a "thinker's congress," the conference brought together more than 500 high-profile industry leaders from 22 countries to discuss the future of wireless communications in an international economic development context.

Adding Value in Traditional Resource - Based Industries

In 2001-02, the Department of Industry, Trade and Rural Development focused on the development of value-added opportunities in the province's dimension stone, agrifoods and wood products industries. A number of new sector specialists were retained by the department throughout the province to champion growth in these sectors.

Spotlight on the Dimension Stone Industry

In March 2002, a well-attended business symposium in Grand Falls - Windsor spotlighted the province's emerging dimension stone industry. It was an opportunity for industry representatives, government officials, prospectors and other key stakeholders to exchange ideas and experiences. The three-day forum began with a tour of the successful International Granite Corporation quarrying operation and monument plant near Jumper's Brook.

5. Trade and Export Development

National and international trade and export development is critically important to new job creation and economic growth in Newfoundland and Labrador. The Department of Industry, Trade and Rural Development supports this objective by helping Newfoundland and Labrador businesses develop export plans to enter new markets, find new export business partners, and research national and international market opportunities.

Industry trade shows and international trade missions are also important tools in promoting growth in exports. Areas that received particular attention in 2001-02 included New England, the Southeastern United States, the North Atlantic Rim, including Iceland and Ireland, and other parts of western Europe.

☑ In 2001-02 the department organized nine trade exhibitions within Canada, the United States and the United Kingdom for local companies. Industry sectors included oil and gas, biotechnology, environmental industries, and ocean technology.

☑ The department also organized six trade missions in 2001-02. Two missions were undertaken under the New England Trade and Investment Initiative; two missions were organized with Team Canada Atlantic to Atlanta, Georgia; a Team Canada mission, led by the prime minister, premiers and territorial leaders, went to Russia

and Germany; and a provincially led mission was undertaken to Iceland. Companies involved in these missions signed deals totalling approximately \$10 million.

Celebrating Our Success: Provincial Export Awards

The Newfoundland and Labrador Export Awards Program was established in 1983 to recognize the efforts of locally-based businesses that have achieved significant commercial export success. This annual event provides valuable exposure for the province's top exporters while encouraging potential exporters to look beyond Newfoundland and Labrador's borders for new business opportunities. Export awards were presented to companies in five categories in May 2001:

- **Goods Export** - Fogo Island Cooperative Society
- **Services Export** - Bae-Newplan Group
- **Interprovincial Trade** - Newtech Instruments
- **Marconi Communications** - Lotek Wireless Inc.
- **New England Trade** - NorthStar Technical Inc.

New England Trade and Investment Initiative - A Targeted Approach

New England is a key export market for Newfoundland and Labrador. Its close geographic proximity, strong historical and cultural ties with the province, and the advantages offered by a large affluent New England market make the area a natural trading partner. During 2001-02, the Department of Industry, Trade and Rural Development led two trade missions to the region.

☑ In May 2001, a multi-sectoral mission of four companies from the food and beverage, manufacturing, architectural services, and biotechnology industries met with potential partners and clients in the New England region. The four companies reported anticipated sales of \$2.1 million immediately following the mission.

☑ In November 2001, the province embarked upon its first ever cultural industries trade mission outside Newfoundland and Labrador. Business meetings and showcase events were arranged for 10 local companies including musicians, visual artists and film producers. Market response from the Boston area was very positive and follow up missions are planned.

Ireland Business Partnerships

The Department of Industry, Trade and Rural Development provides support to and works closely with the Ireland Business Partnerships, a public-private organization established in 1997 to pursue stronger economic, business and cultural opportunities with Ireland.

In September 2001, the Ireland Business Partnerships was host to 42 Irish delegates, the largest trade mission Ireland has ever fielded in Newfoundland and Labrador. This mission resulted in two Memoranda of Understanding (MOUs) in the high tech and education sectors. The Canadian Centre for Marine Communications signed an MOU with the Irish Marine Institute to bring together technology companies from both jurisdictions through joint business ventures and exchanges. A second MOU was signed between Memorial University and Dun Laoghaire Institute of Art, Design and Technology to jointly pursue international e-learning opportunities.

Canada/Atlantic Provinces Cooperation Agreement on International Business Development

This agreement is designed to expand trade in Atlantic Canada by increasing the number of new exporters, diversifying the markets of current exporters, and increasing the overall value of exports from the region. A number of new projects were undertaken in 2001-02 under the agreement.

Projects that had particular significance for Newfoundland and Labrador included:

☑ Canada/US Customs Export Seminars - a series of one-day seminars was held on how to deal with U.S. and Canada Customs agencies;

☑ Caribbean Business Opportunities - a workshop was held in the province on potential business opportunities available from the World Bank in the Caribbean marketplace;

☑ Internship 2001 - MBA students from Atlantic Canada were assigned to a Department of Foreign Affairs and International Trade overseas post from June to August 2001 to work for Atlantic Canadian companies and the post; and

☑ Showcasing Atlantic Canada - products and services from Atlantic Canadian companies were showcased at various international trade shows, including the Salon International de l'Alimentation (SIAL) Food Show in Montreal; Americana Environmental Technology 2001 in Montreal; Enviro Expo 2001 in Boston; Oceanology 2001 in Miami; and the European Seafood Show in Brussels.

Trade Team Newfoundland and Labrador

This partnership of 13 federal and provincial government departments and agencies in Newfoundland and Labrador provides a coordinated approach to help existing and potential exporters. It is one of 10 regional trade networks established across the country to help businesses achieve success in global markets.

☑ Trade Team Newfoundland and Labrador delivered five "Going Global" workshops on International Trade Finance in 2001-02 to approximately 60 export-ready or export-interested companies from across the province;

☑ Trade Team Newfoundland and Labrador partners assisted in the organization of a Cultural Industries Export Forum by providing business presentations on export readiness, government export programs, and the New England Market and Trade Commissioner Service offered by the federal government; and

☑ Trade Team Newfoundland and Labrador organized a Customs Information Day for companies across the province to provide essential information on exporting to the United States.

6. Business Attraction

The attraction of new investment, new companies and new industries to the province in strategic growth sectors of the economy is an important part of government's *Renewal Strategy for Jobs and Growth*.

New Customer Contact Centres

NETWORK Newfoundland and Labrador is a public - private partnership created in 1995 to attract communications-based businesses, particularly customer contact (call) centres, to the province. It is a partnership between Aliant Telecom and the Department of Industry, Trade and Rural Development.

This focused approach has been highly successful in attracting new investment and jobs to the province. Employment in the customer contact industry has increased by some 3,500 jobs since NETWORK was established and these jobs contribute approximately \$75 million in direct wages annually to the provincial economy.

In 2001-02, four new customer contact centres were attracted to the province with job targets as follows: ICT Group – Carbonear (300 jobs); HelpDesk NOW – Grand Falls-Windsor (400 jobs); Responsive Marketing Group – St. John's (200 jobs); and ICT Group – St. John's (1,000 jobs). In addition, three other call centres which had been attracted to the province in 2000 became fully operational in 2001: Convergys – St. John's (1,000 jobs); Hospitality Marketing Concepts – Gander (200 jobs); and ICT Group – Corner Brook (300 jobs).

Promoting the Province to the World

The Department of Industry, Trade and Rural Development coordinates an international business and investment promotional campaign to provide international investors with key information on the province's business environment and investment opportunities. The department promotes the province as a competitive investment location through national and international print media and by distribution of specific promotional material to targeted national and international companies. The department also promotes the province to professional site selectors who advise companies and clients of potential new sites for corporate loca-

tions and relocations. In 2001-02, the department, with representatives from several regional economic development boards and NETWORK Newfoundland and Labrador, participated in specific investment promotion events in Seattle, Washington and Dallas.

Maintaining a Competitive International Investment Environment

Early in 2002, government enhanced its principal business attraction incentive program - the EDGE Program. The "double" EDGE program now provides a 50 per cent rebate on federal corporate income tax for EDGE designated companies, in addition to a 100 per cent rebate on provincial corporate income tax. This enhancement makes EDGE the most competitive corporate tax incentive program all of in Canada and a powerful new tool in Newfoundland and Labrador's investment prospecting efforts.

7. Industrial Benefits - Major Resource Projects

Large-scale resource development projects in the mining, oil and gas, and energy industries can provide significant business opportunities for Newfoundland and Labrador companies. The Department of Industry, Trade and Rural Development seeks to maximize industrial and employment benefits for the local economy from the development of these major projects.

White Rose

The Department of Industry, Trade and Rural Development, in partnership with the Department of Mines and Energy, was intensely involved in the negotiation of industrial and employment benefits for the \$2.35 billion White Rose offshore oil project in 2001. This third major offshore oil project was given sanction by the province and the federal government in December 2001 and by the project owners in March 2002.

The industrial and employment benefits for White Rose include a commitment by the owners to undertake all engineering and design work for the topsides part of this project in Newfoundland and Labrador, as well as a minimum of 80 per cent of the topsides fabrication and integration work in the province. This is almost double the local work commitments made by the owners of the Terra Nova project. A large portion of the topsides fabrication and integration work for White Rose will be undertaken in the Marystown shipyard by Aker Maritime Kiewit Contractors through an arrangement with the new owner of the shipyard, Peter Kiewit Sons.

Marystown Shipyard

The Department of Industry, Trade and Rural Development played a significant role in securing a long term future for the Marystown shipyard by facilitating the successful transfer of ownership of the shipyard to Peter Kiewit Sons in March 2002.

Peter Kiewit Sons is one of North America's largest construction and fabrication firms, with

operations across Canada and the United States. Its gross annual revenues are in the order of \$4 billion and it brought an immediate \$600 million commercial contract to Marystown with the White Rose project that will result in the employment of 500 to 600 people at peak times.

Voisey's Bay

The Department of Industry, Trade and Rural Development, in partnership with the Department of Mines and Energy, established the principles for an Industrial and Employment Benefits Agreement for the \$2.9 billion Voisey's Bay Project in 2001-02.

Oil and Gas - Hibernia and Terra Nova

The Department of Industry, Trade and Rural Development carried out ongoing employment and industrial benefits monitoring activities associated with the Terra Nova and Hibernia projects in cooperation with the Canada-Newfoundland Offshore Petroleum Board throughout 2001-02.

Future Directions

Substantial progress has been made in strengthening and diversifying the overall economy through the efforts of the Department of Industry, Trade and Rural Development and with the benefit of the *Renewal Strategy for Jobs and Growth*.

However, significant economic development challenges remain, especially in rural areas. The following strategic principles, which are also embodied in the *Renewal Strategy for Jobs and Growth*, will guide the Department of Industry, Trade and Rural Development forward as it addresses these challenges:

- Government has a major role to play as a catalyst for growth in strategic areas – but government cannot be all things to all people. The Department of Industry, Trade and Rural Development will focus on economic development opportunities that hold the most potential for Newfoundlanders and Labradorians, with a particular emphasis on small business opportunities.
- The private sector is the engine of our economy. Businesses drive the economy when government creates an environment conducive to success. The Department of Industry, Trade and Rural Development will focus on maintaining and strengthening a competitive environment for new jobs and economic growth.
- New ways of advancing the economy through effective partnerships are essential to sustaining our economic momentum and ensuring the benefits of our growing economy are shared more fully among all Newfoundlanders and Labradorians. The Department of Industry, Trade and Rural Development will seek out new and stronger economic development partnerships with the federal government, the business community, organized labour and other key stakeholders to advance its mandate and mission.
- Economic development happens in communities throughout the province. The Department of Industry, Trade and Rural Development will look for ways to increase the capacity of communities, through the 20 regional economic development boards and other community-based development organizations, to create new jobs and stimulate economic growth in all regions of the province.

Financial Statements

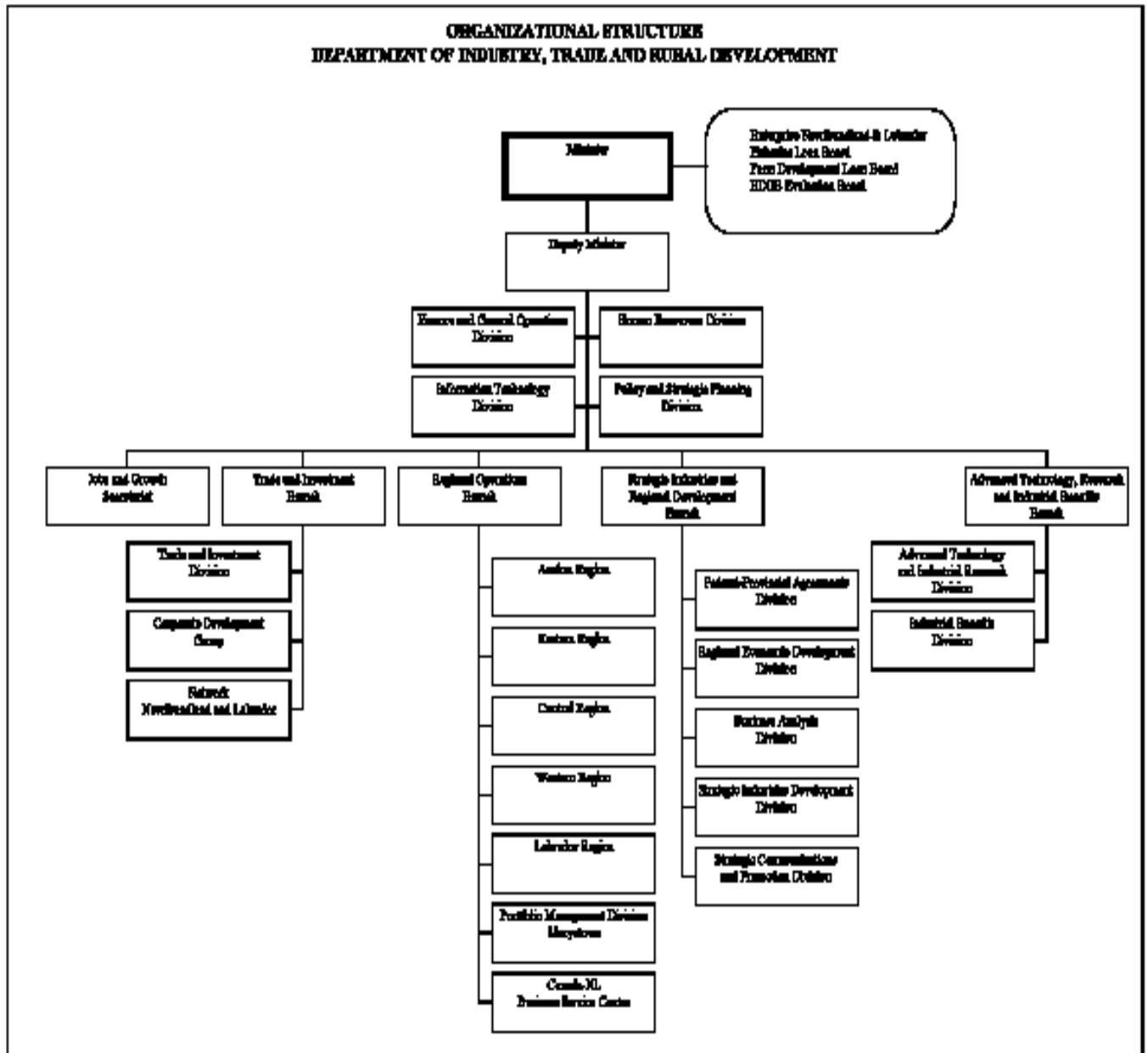
Department of Industry, Trade and Rural Development

Statement of Expenditure and Related Revenue Summary for the Year ended March 31, 2002

		Actual \$	Estimates	
			Amended \$	Original \$
1.1.01	Minister's Office	597,003	618,400	430,900
1.2.01	Executive Support	1,108,563	1,162,200	974,300
1.2.02	Administrative Support	579,184	697,200	634,200
	Less Revenue	(1,737)	0	0
1.2.03	Policy and Planning	492,611	570,800	470,000
	Less Revenue	(22,500)	0	0
2.1.01	Export and Investment Promotion	2,064,682	2,362,000	2,284,500
	Less Revenue	(259,458)	(125,000)	(125,000)
2.1.02	Investment Prospecting	212,583	274,500	263,500
3.1.01	Industrial Benefits	517,323	583,900	571,400
3.2.01	Advanced Technologies Development	439,251	522,200	520,600
3.2.02	Research and Development - Offshore Fund	573,550	1,300,000	1,300,000
	Less Revenue	(445,952)	(975,000)	(975,000)
3.2.03	Special Initiatives - Offshore Fund	1,414,376	3,160,000	3,160,000
	Less Revenue	(1,405,104)	(2,370,000)	(2,370,000)
3.2.04	Advanced Technology Initiatives - Economic Renewal Agreement less Revenue	279,439 (130,839)	571,400 (96,000)	571,400 (96,000)
3.2.05	Industrial Research Assistance Program (NRC)	422,530	446,000	446,000
	Less Revenue	(348,412)	(423,700)	(423,700)
4.1.01	Strategic Business Development	2,758,813	4,379,600	4,855,100
	Less Revenue	(42,595)	0	0
4.1.02	Comprehensive Economic Development (Current)	9,698,564	16,958,000	24,265,500
	Less Revenue	(3,346,800)	(8,852,000)	(8,852,000)
4.1.03	Economic Renewal Agreement - Planning	63,718	68,300	68,300
	Less Revenue	(55,746)	(54,600)	(54,600)
4.1.04	Comprehensive Economic Development (Capital)	2,779,857	2,785,000	0
	Less Revenue	(1,897,949)	0	0
4.2.01	Regional Economic Development Services	4,665,017	4,740,900	1,181,700
4.2.02	Strategic Regional Diversification Agreement (SRDA)	71,515	73,500	35,700
	Less Revenue	(72,292)	(25,000)	(25,000)
4.2.03	Canada/Newfoundland Agreement on Economic Development and Fisheries Adjustment (Current)	3,549,254 (853,008)	4,258,100 (679,000)	4,258,100 (679,000)
	Less Revenue			
4.2.04	Canada/Newfoundland Agreement on Economic Development and Fisheries Adjustment (Capital)	591,453	1,000,000	1,000,000
4.3.01	Business Analysis	3,917,451	5,451,100	4,696,800
	Less Revenue	(369,880)	(20,000)	(20,000)
4.3.02	Strategic Enterprise Development Fund	2,621,500	2,621,500	2,121,500
	Less Revenue	(4,486,751)	(5,100,000)	(5,100,000)
5.1.01	Business and Economic Development Services	4,381,150	4,773,800	4,865,000
	Less Revenue	(589)	0	0
5.1.02	Portfolio Management	856,775	1,234,000	1,212,300
	Department Total	\$30,916,550	\$41,892,100	\$41,466,500

Please refer to Volume III of the Public Accounts, which were previously tabled in the House of Assembly, for detailed financial information.

Appendix A: Organizational Chart



Appendix C: Contact Information

General Inquiries

Dept. of Industry, Trade and Rural Development
P.O. Box 8700, Confederation Building
St. John's, Newfoundland and Labrador A1B 4J6

Phone: (709) 729-7000 Fax: (709) 729-7244

E-mail: ITRDinfo@gov.nl.ca

Corporate Office

Reception	729-7000
Minister's Office	729-4728
P.O. Box 8700, St. John's NL, A1B 4J6	

Labrador Region

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

Western Region

St. Anthony	454-3508/5321
Port Saunders	861-3004/3096
Corner Brook	637-2980
Deer Lake	635-2613
Stephenville	643-2600/1228
Port aux Basques	695-9871/9872

Central Region

Springdale	673-3481
Baie Verte	532-4772
Grand Falls-Windsor	292-4450/4451
St. Alban's	538-3796/3476
Gander	256-1484/1486

Eastern Region

Clareville	466-4174/4176
Marystown	279-5531/5533

Avalon Region

Carbonear	596-4109/4116
Placentia	227-1350
St. John's	729-7104/7112
Ferryland	432-3019

Our Websites

Department of Industry, Trade and Rural Development: www.gov.nl.ca/itrd

The Ambassador: www.theambassador.ca

Canada/Newfoundland and Labrador Business Service Centre: www.cbosc.org/nl

Crafts of Character: www.craftsofcharacter.com

Getting the Message Out: www.gmo.nf.ca

Investing in Newfoundland and Labrador: www.nlbusiness.ca

New England Trade: www.newenglandsuccess.com

NETWORK Newfoundland and Labrador: www.netwk.nf.ca