

# 2002-03 Annual Report

Department of Industry, Trade and Rural Development

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GOVERNMENT OF  
NEWFOUNDLAND AND LABRADOR

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## DEPARTMENTAL OVERVIEW

The department was established in February 2001 by merging the Department of Industry, Trade and Technology with the Department of Development and Rural Renewal. In September 2002, the responsibility for industrial benefits related to major resource projects was transferred to the Department of Mines and Energy.

### Mandate and Mission

The mandate of the Department of Industry, Trade and Rural Development (ITRD) was to strengthen and diversify the economy on a provincial and regional basis with particular attention to rural areas. The department played 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

In 2002-03, the department managed six lines of business:

- coordination of government's Renewal Strategy for Jobs and Growth;
- small business development;
- regional economic development;
- strategic industries development;
- trade and export development; and
- business attraction - investment prospecting.

### Organizational Profile

The department had three branches each led by an Assistant Deputy Minister as outlined below and shown more fully in Appendix A:

- Trade and Investment - Jobs and Growth;
- Strategic Industries and Regional Development; and
- Regional Operations.

A Central Services Group, based in the Department of Municipal and Provincial Affairs, provided administrative support to the department. This included finance and general operations, human resources and information technology.

The department was organized geographically as listed below and presented in more detail in the appendices:

- a corporate office in St. John's (with some functions in Marystown) 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 managed the delivery of most client programs and services; and
- twenty-two local (zonal) offices that delivered front-line programs and services to clients.

The department had about 200 employees. Approximately 60 per cent of the staff worked in the corporate office (including 15 positions in Marystown), with the remainder in the regional and local (zonal) offices.

### Budget

The department's total expenditures in 2002-03 were approximately \$42.7 million. This included \$18.3 million for economic development projects cost-shared with the federal government. The department received \$5.1 million in revenues from its business (loan and equity) investment portfolio and approximately \$80,000 in revenues from miscellaneous sources such as trade show registration fees. Allowing for all revenues, including \$7.8 million in federal contributions to cost-shared projects, the department's net expenditures were approximately \$29.7 million in 2002-03.

## **External Boards, Corporations and Agencies**

A number of external boards, corporations and agencies reported to the Minister in 2002-03:

- Business Investment Corporation;
- EDGE Evaluation Board;
- Newfoundland Hardwoods Limited; and
- Newfoundland Ocean Enterprises Limited.

The Business Investment Corporation was established under the authority of the *Business Investment Corporation Act* on April 1, 2002, as the successor organization to three former Crown corporations: the Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. The Business Investment Corporation published its own annual report.

The mandate of the EDGE Evaluation Board was to evaluate applications submitted through the Economic Diversification and Growth Enterprises Program and make recommendations on those applications to Cabinet through the Minister of Industry, Trade and Rural Development.

Newfoundland Hardwoods Limited and Newfoundland Ocean Enterprises Limited were inactive during the 2002-03 fiscal year.

## **Programs and Services**

The department offered the following programs and services:

### **Client Services**

- Business Facilitation and Development
- Regional Economic Development
- Export Development
- Strategic Sector Development
- Investment Promotion and Attraction
- Investment Portfolio Management

### **Client Funding Programs**

- Business and Market Development
- Small Business Seed Capital Equity
- Direct Equity Tax Credit
- Fisheries Loan Guarantee

- Interest Subsidy Program (Fisheries Loans)
- Shellfish Aquaculture Working Capital Fund
- Craft Industry Development
- Economic Diversification and Growth Enterprises (EDGE)
- Community Economic Development
- Canada/Newfoundland Offshore Development Fund

## **Partnered Programs and Services**

- Canada/Newfoundland and Labrador Business Service Centre/Network
- Micro-Business Lending
- Team Canada/Team Canada Atlantic
- Community Capacity Building
- ACF Equity Inc
- CBDC Small Business Risk Capital funding
- Business Retention and Expansion
- Trade Team Newfoundland and Labrador

## **Federal-Provincial Agreements**

- Comprehensive Economic Development
- Canadian Fisheries and Restructuring Initiative-Economic Development Component
- International Business Development
- Industrial Research Assistance
- Labour Market Development
- Provincial Nominee (Immigration)

## **Special Initiatives**

- Strategic Partnership Initiative
- Renewal Strategy for Jobs and Growth

## **Public-Private Partnership**

- NETWORK Newfoundland and Labrador

## **Strategic Communications**

- Getting the Message Out
- Ambassador Program
- *We're Doing It. Right Here* campaign
- Community Economic Development Awards
- Export Awards
- RuralEXPO conference and trade show

# KEY PRIORITIES AND ACHIEVEMENTS

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

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The Government of Newfoundland and Labrador released the *Final Report on the Renewal Strategy for Jobs and Growth: Securing Our Future Together* in March 2001. The Department of Industry, Trade and Rural Development was 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.

A total of 136 priorities for action were contained in the *Renewal Strategy for Jobs and Growth*. They were structured around five main themes:

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

### The Strategic Partnership Initiative

In January 2002, government, labour and business joined forces to launch the Strategic Partnership Initiative. The Strategic Partnership Forum is the core of this new partnership initiative. The Forum is chaired by the Premier and consists of senior labour, business and government leaders.

The Forum was designed to improve communication among major players in the economy, to serve as a vehicle for sharing and developing common perspectives on the performance of the economy, and to identify key areas where business, labour and government can work together more effectively to address opportunities and challenges in the economy.

In fiscal year 2002-03, the Forum held three meetings. The first meeting examined the ongoing challenges presented by the federal equalization formula and demographic issues facing the province. The second meeting focused on issues around the implementation of the Labour Standards Act. The third meeting was with the Commissioners of the Newfoundland and Labrador Royal Commission on Renewing and Strengthening Our Place in Canada.

The Strategic Partnership Secretariat also began more detailed work on identifying strategic factors affecting the competitiveness and productivity of the provincial economy.





## 2. Small Business Development

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Small businesses employing fewer than 50 people make up 95 per cent of all business enterprises in our province and account for more than one third of all employment in Newfoundland and Labrador. Their growth and development are key to a diversified and vigorous economy in all parts of the province, especially in rural Newfoundland and Labrador. The Department of Industry, Trade and Rural Development was responsible for establishing and maintaining a positive environment to help small businesses grow and succeed. The department also provided direct assistance and support to individual small business enterprises through its province-wide network of offices and professional staff.

### New Initiatives

The new Small Business Advisory Council was announced in March 2002 and established in June 2002. The mandate of the Council was to provide advice to the Minister of Industry, Trade and Rural Development on appropriate new measures to continue the growth of the small business sector in the economy. It comprised private sector representatives who served on a voluntary basis.

### Budget 2003

In the 2003 Budget speech, government announced several new initiatives intended to encourage the continued growth of small businesses in the province:

- reduced payroll tax for small business by increasing the thresholds at which the tax would apply;
- eased corporate income taxes on small business;
- new sources of capital for the private sector through various venture capital tax incentives;
- a review of regulatory "red tape" faced by the business community; and
- the Direct Equity Tax Credit Program would be enhanced to make corporations eligible for investment tax credits.

These initiatives were intended to build on a number of new small business development measures implemented through the *Renewal Strategy for Jobs and Growth*, including enhancing the EDGE program.

### The Small Business Agenda in Action

In 2002-03, the Department of Industry, Trade and Rural Development supported small business development in several ways:

- More than 9,000 inquiries and requests for information from entrepreneurs, small business owners and other individuals and groups interested in business development were received and processed through the "single-window" network of federal-provincial-community business service centres in each of the 20 economic zones. Thirty-six network sites were operational in 31 communities throughout the province.
- One thousand specialized business counselling and other support services were provided during the year to 400 entrepreneurs, companies and industry groups by our Economic Development Officers in the department's 22 local offices.
- Business aftercare services were provided to approximately 2,100 small business clients who received direct financial assistance from the department and its predecessor organizations in previous years.
- The investment portfolio was valued at approximately \$144 million at the end of 2002-03 and was managed by an independent board, the Business Investment Corporation, reporting to the Minister.
- In partnership with the Newfoundland-Labrador Federation of Cooperatives, the department continued to support the Collective Enterprise Development Program that provided loans from \$500 to \$5,000 to very small (micro) businesses and self-employed entrepreneurs. Since first piloted in 1997, this initiative helped in the start-up or expansion of more than 280 micro businesses, providing employment for more than 450 people.

## **The Strategic Enterprise Development Fund**

The Strategic Enterprise Development Fund, administered by the Business Investment Corporation, provided investment capital on commercial terms to help start, revitalize and grow small- and medium-sized businesses where gaps existed in the financial market. The Fund included the Small Business Seed Capital Equity Program, the Business Market Development Program, the Fisheries Loan Guarantee Program and the Shellfish Aquaculture Working Capital Fund. The programs were used as follows:

- The Small Business Seed Capital Equity Program invested \$2.2 million in 59 companies in 2002-03, leveraging \$12.2 million in additional private and public business financing to help start or grow new small businesses.
- The Small Business and Market Development Program invested \$413,174 in 46 companies in 2002-03, leveraging an additional \$2.0 million in business financing from commercial sources to help entrepreneurs and small businesses pursue new business ideas and new markets.
- In 2002-03, the Fisheries Loan Guarantee Program provided \$9.05 million in loan guarantees through the chartered banks to 23 fish harvesting enterprises for the purchase of new fishing vessels or the purchase and/or renovation of used vessels to help them take advantage of new business opportunities.
- In 2002-03, the Shellfish Aquaculture Working Capital Fund had 19 accounts from 14 firms with an outstanding balance of \$1.5 million as of March 31, 2003.

Investments approved through the Strategic Enterprise Development Fund were allocated by region as follows:

- Avalon: more than \$4.3 million in 36 firms;
- Eastern: more than \$2.5 million in 16 firms;
- Central: more than \$2.8 million in 34 firms;
- Western: more than \$1.7 million in 35 firms;  
and
- Labrador: more than \$230,000 in nine firms.

## **The Direct Equity Tax Credit Program**

The Direct Equity Tax Credit Program was designed to encourage private investment in new or expanding small businesses as a means of creating new jobs and diversifying the economy throughout the province. It provided personal tax credits equal to 20 per cent of the eligible investment made to a business located in the Northeast Avalon, or 35 per cent of the eligible investment made to a business located outside the Northeast Avalon.

The Direct Equity Tax Credit Program helped four companies raise \$424,066 in private equity with the benefit of \$94,563.20 in provincial tax credits. One of these companies was based in rural Newfoundland and Labrador.

## **Economic Diversification and Growth Enterprises (EDGE) Program**

The Economic Diversification and Growth Enterprises (EDGE) Program was designed to provide a package of incentives to encourage significant new business investment in the province to help diversify the economy and stimulate new private sector job creation, particularly in rural areas.

EDGE status was granted to three companies in 2002-03 upon the recommendation of the EDGE Evaluation Board. This brought the total number of active EDGE companies in the province to 55. These companies employed 1,884 people in 2002-03 and have invested more than \$150 million in their operations since being granted EDGE status.

### 3. Regional Economic Development

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The Department of Industry, Trade and Rural Development was responsible for ensuring that all regions share in the province's economic progress. Twenty regional economic development boards are a core institutional mechanism to achieve this objective.

#### **Strong Support to Zonal Boards**

Regional economic development boards are not-for-profit corporations with volunteer boards. The federal and provincial governments provide annual financing. There are 20 boards in our province which have five core functions:

- Develop and coordinate the implementation of strategic economic plans in each zone;
- Coordinate business development support in each zone;
- Provide support to organizations and communities for development activities consistent with the zone's strategic economic plan;
- Coordinate social and economic initiatives relating to regional economic development in each zone; and
- Promote public participation and community education related to regional economic development.

The Department of Industry, Trade and Rural Development through its network of offices worked with all 20 boards to bring a sharp 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.

Support provided to the boards during the year included assistance with deal brokering, proposal development, strategic planning and project management. Interaction with the boards represented more than 40 per cent of the regional development services and activities reported by field staff during 2002-03.

In April 2002, the department worked with the boards as they formed a provincial umbrella organization, the Newfoundland and Labrador Regional Economic Development Association. Its purposes

are to present a united and consistent liaison with government and other stakeholders and to provide for coordinated collaboration on common issues. The department provided support and assistance in the development of this association.

#### **Staff deliver variety of services**

In addition to supporting zonal boards, ITRD staff throughout the province regularly worked with a wide range of not-for-profit agencies, other government departments/agencies, education institutions and community-based groups to help achieve the province's regional development objectives.

In 2002-03, the services and activities most frequently delivered by regional staff included:

- strategic planning facilitation;
- organizational development support;
- proposal development assistance; and
- information provision.

Approximately 40 per cent of all services and activities reported by field staff during 2002-03 were provided to not-for-profit groups. Other government departments/agencies were the next largest service users at 19 per cent, with most of the activity focused on strategic planning and facilitation.

#### **Community Capacity Building**

Training was provided throughout Newfoundland and Labrador through the Community Capacity Building Program. The program offered training workshops on 13 different topics, to organizations interested in strengthening their communities.

In 2002-03, 83 orientation workshops were delivered, 36 to regional economic development boards. The workshops provided information on economic and community development while empowering individuals to take control of local issues. The program continued to evolve as it added new modules, updated existing modules, and fostered partnerships with organizations able to benefit from the program.

## **Business Retention and Expansion Program**

The Business Retention and Expansion Program expanded with the appointment of a full time manager. This initiative surveys existing small businesses to help identify and address short term and long term barriers to growth. Both business owners and community leaders engage in this action-oriented process. Its accomplishments in 2002-03 included:

- the program received the "President's Award of Excellence" at the 2002 Business Retention and Expansion International Conference in Memphis, Tennessee;
- a partnership was formed with the P. J. Gardiner Institute for Small Business Studies to undertake the survey design and analysis component of each project; and
- Business Retention and Expansion projects were begun in three economic zones and with two industry associations.

## **Strengthening Positive Attitudes - Promoting Confidence**

Positive "can-do" attitudes and self-confidence are critical ingredients in 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 played a leadership role in this area.

## **Community Economic Development Awards**

These awards acknowledge and celebrate the accomplishments of individuals and organizations that have excelled as leaders in community economic development in Newfoundland and Labrador. The first awards ceremony was held at RuralEXPO 2001. In 2002-03, it was decided that the awards would become an annual event of the department.

The province's second annual Community Economic Development Awards were presented in Port aux Basques at a gala event on October 19, 2002. The award winners were:

- **Excellence in Partnership**  
Eagle River Credit Union, Labrador
- **Outstanding Individual Achievement**  
Charlie Ennis, Baie Verte
- **Excellence in Fostering Entrepreneurship**  
Genesis Centre, St. John's
- **Innovation in Education**  
Labrador West Centre for Interactive Learning, Labrador City
- **Excellence in Youth Leadership**  
Futures in Newfoundland and Labrador Youth! (FINALLY!)
- **Lifetime Achievement (Two awards)**  
Fogo Island Co-operative Society, Fogo Island; and the late Ambrose Chubbs, St. Lewis, Labrador.

## Getting the Message Out

The Getting the Message Out (GMO) program promotes awareness of good things happening in Newfoundland and Labrador in education, economic development initiatives and entrepreneurial opportunities. This program was part of an overall strategy designed to showcase the capabilities of Newfoundland and Labrador businesses. During 2002-03, the GMO program focused on strengthening the entrepreneurial climate and creating positive attitudes.

The GMO program used a communications and social marketing approach based largely on profiling business success stories. It did this through:

- presentations that showcased diverse and innovative businesses from around the province by university co-operative business program students and departmental staff;
- a lively and interactive website, [www.gmo.nf.ca](http://www.gmo.nf.ca); and
- communications tools including a video, promotional materials and creative thinking workshops.

During 2002-03, the GMO team delivered 137 presentations to high school audiences and 61 presentations to post-secondary groups. An additional 74 presentations were made to special interest and high-risk employment groups. In total, 272 presentations were delivered to more than 7,295 participants from coastal Labrador to the Northeast Avalon area. More than 40,000 people have seen these presentations since the government began offering the Getting the Message Out program.

An independent evaluation stated, "GMO is influencing the outlook, confidence and entrepreneurial interests of most participants. Seventy per cent felt it would have a positive impact on their plans for the future."

## The Ambassador Program

The Ambassador Program is a communications initiative that promotes Newfoundland and Labrador at home and around the world. The program is designed to help correct misinformation, dispel outdated notions and negative stereotypes and create positive images for the province. In an effort to con-

tribute to economic diversification and the development of Newfoundland and Labrador's place as a leader in the Canadian economy, the Ambassador Program is an important tool in trade and investment activities.

In 2002-03, the Ambassador Program had approximately 400 Ambassadors including residents, expatriates and friends of the province, many of whom were in influential positions in business, education and other sectors to carry the "messages" outside the province. The bimonthly Ambassador Newsletter, with a circulation of 20,000, contains good news business and economic development stories in the province.

## ***We're Doing It. Right Here.***

The *We're Doing It. Right Here* public awareness campaign aimed to foster an improved public understanding of the diverse economic opportunities that existed in the province and highlighted the successes of many of our entrepreneurs on the world stage.

## **RuralEXPO Conference and Trade Show**

In October 2001, the department hosted RuralEXPO 2001, the first ever province-wide rural showcase. It celebrated and promoted economic potential and business successes in rural Newfoundland and Labrador. RuralEXPO 2001 was a success with more than 150 rural exhibitors and 450 delegates attending the three-day event in Gander, including 105 youth from all corners of the province. In March 2003, the government announced support for RuralEXPO 2003, which was to be held in Gander in the fall of 2003.

## 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, invested 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.

## Comprehensive Economic Development Agreement

The Comprehensive Economic Development Agreement ceased taking new applications in March 2003. Its mandate was to improve opportunities for economic growth in the province and enhance the growth of earned incomes and employment opportunities by providing a flexible mechanism for coordinated economic development.

More than 120 regional and local development initiatives, having a total value of \$20.7 million, were approved throughout the province in 2002-03 through the Comprehensive Economic Development Agreement.

## Community Economic Development Program

The department's Community Economic Development Program was established to help communities adjust through difficult economic times and lend support to community-based economic diversification initiatives.

The program invested \$872,707 in 47 projects throughout the province in 2002-03 to help communities take advantage of local economic diversification opportunities or adjust to significant economic challenges.

### Examples of Regional Economic Development Investment: 2002-03

Youth	\$61,108 in support of Junior Team Canada training \$132,520 in support of hosting Enterprise Olympics
Strategic Marine Infrastructure	\$1.5 million approved to extend wharf facilities in Charlottetown, Labrador
Film	\$225,000 for the St. John's International Women's Film and Video Festival
Cultural and Heritage	\$339,940 for the 25th anniversary season of the Stephenville Festival  \$20,250 for the Music Industry Association of Newfoundland and Labrador to participate in the East Coast Music Awards
Community Economic Development	\$1.75 million to the Coast of Bays Corporation for the establishment of an arts and exploration centre

## 4. Strategic Industries Development

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Strategic industries development focuses on new business opportunities with the potential to diversify and strengthen the overall economy. In 2002-03, a number of new sector specialists were retained by the department throughout the province to champion growth in strategic sectors. The department focused its efforts in the following broad areas:

- new opportunities in the province's manufacturing sector;
- support for new producers and existing businesses in the craft, gift and apparel sector;
- emerging opportunities in new economy sectors such as biotechnology, marine communications, information technology and environmental industries; and
- value-added opportunities in resource-based industries such as dimension stone and agri-foods.

### 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 research-based approach to development has led to a focus on sub-sectors that are likely to experience growth opportunities nationally and internationally.

The department continued to develop national and international markets through trade shows, industry consultations and market intelligence for the boat and marine equipment, plastics and building products sectors. Support activities included:

- seminars to introduce new production materials and technologies to the fibreglass-reinforced plastic sector;
- an *Export Strategy* developed in partnership with the Newfoundland and Labrador Boat Building Industry;
- development of a seminar series to address a skill shortage in the lumber industry; and
- in concert with the Canadian Manufacturers and Exporters Association, launched a Business Retention and Expansion project for the manufacturing sector to identify issues, challenges and opportunities.

### Craft, Gift and Apparel Industry

During 2002-03, the department continued to implement the recommendations contained in the *Craft Industry Development Strategy* and the apparel strategy *Common Threads*. Other activities in this sector included:

- established an industry and government committee to focus on key recommendations relating to education, tourism, branding and training;
- continued to develop national and international markets through attendance at key trade shows and joint initiatives with our Atlantic Canada partners; and
- developed the local and tourism market for craft, gift and apparel by providing marketing and educational opportunities such as the provincial craft trade show and marketing conference.

The department provided marketing and development support through the Craft Industry Development Program, a cost-shared federal/provincial funding program that provided \$556,932 in financial support to 82 clients throughout Newfoundland and Labrador.

### Emerging Industries

The department promoted growth in emerging new sectors of the economy such as information and communications, biotechnology, marine/oceans technology, environmental technologies, and the defence and aerospace sector. These advanced technology enterprises in Newfoundland and Labrador generated revenues of approximately \$900 million in 2002-03 and employed approximately 8,500 people in 450 firms.

Support was provided to emerging industries for business development, export and trade marketing, trade intelligence and attendance at strategic trade shows and missions. In 2002-03, the department consulted with the business community and key stakeholders to identify potential ways to enhance and encourage greater research and development investment.

## Biotechnology

The department worked with the provincial industry association, BioEast, and the Atlantic Canada Bio-Industries Association (ACBA) on the following initiatives:

- participated in the development of a sector strategy that was released by BioEast and focused on marine biotechnology and the genetics/genome sectors;
- commenced planning of the International Marine Biotechnology Conference to be held in St. John's in June 2005;
- participated in BIO 2002 in Toronto, a pan-Atlantic initiative led by ACBA and funded under the International Business Development Agreement; and
- played an advisory role in negotiations between the Newfoundland Association of Technical Industries (Nati) and BioEast to make biotechnology a sub-sector under the Nati banner.

## Aerospace and Defence

The aerospace and defence industry sector offered growth opportunities for Newfoundland and Labrador. The investment attraction and export development potential for job creation and economic growth in Newfoundland and Labrador is significant. Departmental activities during 2002-03 included:

- facilitated the formation of the Newfoundland and Labrador Aerospace and Defence Industry Association (NLADIA) which was mandated to identify and pursue new project opportunities;
- participation in major aerospace and defence trade shows including:
  - the Nova Scotia International Air Show and Exhibition, which saw our largest participation to date with 15 provincial delegates;
  - the Aerospace Industry Association of Canada annual general meeting; and
  - Trade Team Canada, Aerospace and Defence Pavilion at the Farnborough International Air Show, which included ministerial participation;

- facilitated discussions on the development of the Atlantic Aerospace and Defence Alliance, an agreement between industry associations in Atlantic Canada to promote their capabilities, form strategic alliances and pursue opportunities in human resources, business and technology development; and
- facilitated discussion between national and international aerospace and defence contractors and local companies.

## Environmental Industries

Newfoundland and Labrador environmental industries have niche opportunities in activities such as monitoring, protection and mitigation in natural resource environments. The department continued to help the Newfoundland and Labrador environmental industries services sector:

- assisted in the development, publication and distribution of the *Environmental Services Directory*;
- provided financial and marketing support to the annual general meeting of the Newfoundland and Labrador Environmental Industry Association (NEIA), March 2003;
- provided delegation and exhibit space for local environmental firms at the Pan-American trade show at Montreal in March 2003;
- continued support to NEIA for breakfast and luncheon information sessions on environmental technologies throughout the year;
- provided direction and support on the steering committee for the Export Readiness Capabilities study of the province's environmental firms; and
- continued cooperative arrangements with other Atlantic provinces to promote and develop environmental industries.



## Marine Industries

The department commissioned a *Marine Technology Development Strategy for Newfoundland and Labrador*. The *Strategy* was intended to provide a basis for identifying policies, programs and initiatives to support the development of the marine technologies sector. The department continued to promote and develop the sector through activities such as:

- delegate and exhibit support at the International Work Boat Show, December 2002, in New Orleans, USA;
- delegate and exhibit support at Oceanology International, March 2003 in London, UK ;
- participation in the ocean technology cluster initiative, known as Oceans Advance, which aimed to facilitate the advancement and development of the ocean industries sector;
- assistance and financial support in organizing the Ocean Innovations Conference, October 2003, in St. John's; and
- financial support through the Comprehensive Economic Development Agreement for international brokering activities for marine technology between the South Coast Metropole UK and this province.

## Information Technology Industries

Government renewed its information technology (IT) services contract in 2001 with **xwave**, which included an enhanced Industrial Benefits Agreement to strengthen the overall information technology industry in the province. Since originally executed in 1994, this arrangement brought \$53 million in new IT business, created and maintained more than 200 new professional jobs, and resulted in more than \$26.9 million in new work for local companies.

## Adding Value in Traditional Resource-Based Industries

In 2002-03, the Department of Industry, Trade and Rural Development focused on the development of value-added opportunities in the province's dimension stone and agrifoods sectors.

Partnership development was a significant priority during the year with the development of the Wood

Products Working Committee, which included representation from industry, the regional economic development boards, the Atlantic Canada Opportunities Agency (ACOA) and the department.

## Dimension Stone

Dimension stone sector development was also supported through partnerships. The Dimension Stone Working Group comprised members from industry, the regional economic development boards, ACOA and the department.

Activities in this sector included:

- delivery of a prospector training workshop;
- a continued focus on developing export markets for Newfoundland and Labrador dimension stone through attendance at trade shows; and
- completion of a feasibility study and market assessment for exporting Newfoundland and Labrador armour stone.

## Agrifoods

The department worked with industry, government departments and regional economic development boards to stimulate crop diversification, new product development and increased production in this value-added sector. Specific activities included:

- initiated two industry studies: *Market Assessment to Determine Export Opportunities for Christmas Wreaths and Wreath Products in New England*, and *Market and Feasibility Assessment to Determine Export Opportunities for Fresh Blueberries in New England*; and
- worked in concert with the Food and Beverage Committee of the Canadian Manufacturers and Exporters Association to help develop new product and export markets for Newfoundland and Labrador producers.



## 5. Trade and Export Development

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

Industry trade shows and international trade missions were key tools in promoting growth in exports.

In 2002-03, the department organized 15 trade exhibitions for local companies in other Canadian provinces, the United States and the United Kingdom. Industry sectors included oil and gas, biotechnology, environmental industries, light manufacturing and ocean technology.

The department also organized or worked in partnership arrangements on trade missions in 2002-03. A principal feature of these missions was a business-to-business matchmaking program where local companies were matched with a number of potential buyers, distributors or agents for their products or services and/or introduced to potential joint venture partners in the target markets.

Trade missions during 2002-03 included:

- two missions to the Boston area under the auspices of the New England Trade and Investment Initiative;
- two missions in partnership with Team Canada Atlantic to New York, NY;
- a business mission to Ireland in cooperation with the St. John's Board of Trade and Ireland Business Partnerships, and
- the Province hosted an incoming mission of companies from Iceland.

Companies involved in these missions signed deals resulting in approximately \$700,000 in short-term sales; long-term sales were projected to be approximately \$4 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 four categories in May 2002:

#### **Goods Export Award**

Canadian Iceberg Vodka Corp.

#### **Services Export Award**

xwave

#### **Inter-provincial Trade Award**

Rodrigues Winery

#### **New Exporter Award**

Garrison Guitars

### **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 market make the area a natural trading partner.

During 2002-03, the Department of Industry, Trade and Rural Development led two trade missions to the region. In October 2002, the department brought two cultural industry groups to Boston as a follow-up to the successful Fall 2001 cultural industries mission. The groups were showcased in a major New England music industry event that resulted in considerable market interest. In October 2002, a multi-sectoral trade mission for ten companies was organized for Boston. Six of these companies signed contracts with distributors and agents for that market.

## **Ireland Business Partnerships**

The Department of Industry, Trade and Rural Development provided operational funding and logistical support to the Ireland Business Partnerships, a private-sector led organization established in 1997 to pursue stronger economic, business and cultural opportunities with Ireland.

In October 2002, the department participated with the St. John's Board of Trade and the Ireland Business Partnership in a multi-sectoral mission to Ireland which included representatives from 17 companies and organizations. Many of the companies and organizations were already active in the market and match-making meetings were principally designed to foster and strengthen existing relationships as well as to explore new opportunities. One highlight of this mission was the signing of a twinning arrangement between the cities of St. John's, NL and Waterford, Ireland. Both cities aim to use this arrangement to foster cultural and business linkages.

## **Canada/Atlantic Provinces Cooperation Agreement on International Business Development**

This agreement is a joint federal/provincial agreement between the four Atlantic provinces and ACOA. Initiated in 1994 and subsequently extended to March 2004, the International Business Development Agreement was designed to increase exports from Atlantic Canada by increasing the number of new exporters, diversifying markets and increasing the overall value of exports from Atlantic Canada.

Under the agreement the department undertook several new projects in 2002-03 to benefit Newfoundland and Labrador companies.

Local companies from a variety of sectors attended international trade shows and availed of matchmaking activities including:

- marine technologies companies at Fish Expo and Workboat Atlantic in Rhode Island;
- building products companies at Interbuild in the United Kingdom, BAU 2003 in Germany and Plan Expo in Ireland;

- environmental companies at the Americana trade show in Montreal;
- food and beverage companies at the Salon International d'Alimentation Food Show 2003 in Montreal, and the European Seafood Show in Brussels; and
- information technology companies at Softworld 2002 in Prince Edward Island.

The agreement also funded pan-Atlantic sectoral strategies for the environmental industries sector, the plastics sector and the information technology sector. These strategies were designed to guide sector trade development for the following three to five years.

Funding was allocated to bring American buyers to Atlantic Canada to meet with companies in all four Atlantic provinces in the following industry sectors:

- food and beverage;
- craft and consumer products; and
- the music and film sectors.

## **Trade Team Newfoundland and Labrador**

This partnership of 11 federal and provincial government departments and agencies in Newfoundland and Labrador provides a coordinated approach to providing programs and services designed to help existing and potential exporters. It is one of 12 regional trade networks established across the country to help businesses achieve success in global markets. Activities during 2002-03 included:

- export presentations and trade shows in Marystown and St. John's;
- an International Financial Institutions workshop aimed at informing small and medium-sized enterprises about export financing; and
- regular partnership meetings for information sharing and joint project development between federal and provincial government representatives.

## 6. Business Attraction

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The attraction of new investment, new companies and new industries in strategic growth sectors of the economy is an important part of government's approach to economic development of the province.

### **NETWORK Newfoundland and Labrador**

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

This focused approach has been highly successful in attracting new investment and jobs. In 2002-03, the customer contact industry employed approximately 4,000 people in Newfoundland and Labrador in approximately 30 enterprises. In particular, nine centres have been attracted to the province since NETWORK Newfoundland and Labrador was established, including centres in Corner Brook, Grand Falls-Windsor, Carbonear and St. John's, creating more than 3,000 of the 4,000 jobs in the industry.

A new customer contact center was opened by ICT Group in the fall of 2002. When fully operational, it was expected to employ 1,000 staff, increasing total industry employment to approximately 4,500 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 promoted 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 promoted the province to professional site selectors who advise companies and

clients of potential new sites for corporate locations and expansions. During 2002-03, specific activities that promoted both site selection and investment included:

- advertisements in site selection journals to complement the activities below;
- participation in site selection conferences in Salt Lake City, Utah and San Diego, California in May and November 2002, respectively. The provincial delegation included representatives from regional economic development boards, municipalities, NETWORK Newfoundland and Labrador, and the Memorial University Faculty of Medicine; and
- meetings with companies considering options for location investments at the Corporate Relocation Summit in Washington, DC, in July 2002.

The department participated in a pan-Atlantic Investment Coordination Committee with the other Atlantic provinces and the Atlantic Canada Opportunities Agency. Joint investment promotion activities conducted in 2002-03 included:

- organization of a visit to the province in September 2002 for two site selection consultants from the northeastern United States to directly market the province as a desirable business location. This familiarization tour included visits to local key research institutions, industrial infrastructure and foreign companies which have invested in the province;
- presentation to a delegation from Norway representing the aquaculture and oil and gas sectors, in Halifax, NS, in May 2002;
- presentation to investment counselors from Canadian consulates in the United States and to staff of Investment Partnerships Canada, to familiarize federal investment officers abroad with the investment climate and competitive strengths of the province; and
- participation in investment promotion activities targeted at companies attending the International World Trade Centre conference in Halifax in September 2002.



# **Financial Statement and Appendices**





# Financial Statement

## Department of Industry, Trade and Rural Development

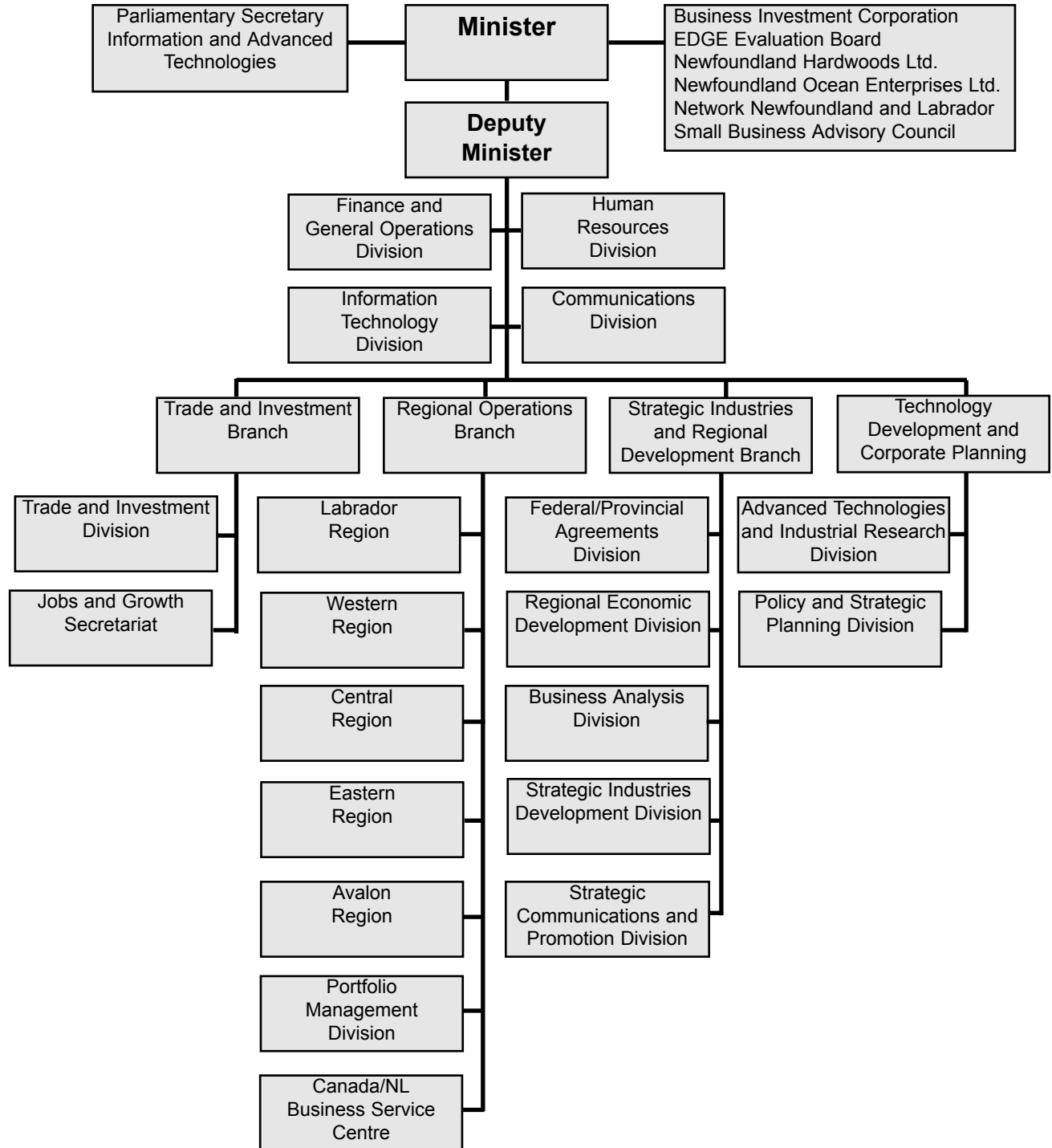
### Statement of Expenditure and Related Revenue Summary for the Year ended March 31, 2003

		<u>Estimates</u>		
		Actual \$	Amended \$	Original \$
1.1.01	Minister's Office	398,671	441,200	441,200
1.2.01	Executive Support	1,012,051	1,051,200	921,300
1.2.02	Administrative Support	622,692	818,200	724,700
	Less Revenue	(5,260)	0	0
1.2.03	Policy and Planning	405,001	448,200	911,500
2.1.01	Export and Investment Promotion	2,283,261	2,615,154	2,849,054
	Less Revenue	(112,708)	(125,000)	(125,000)
2.1.02	Investment Prospecting	263,166	368,978	463,978
3.1.01	Industrial Benefits	279,755	303,664	315,664
3.2.01	Advanced Technologies Development	562,919	636,600	719,100
3.2.02	Research and Development - Offshore Fund	0	0	0
3.2.03	Special Initiatives - Offshore Fund	1,288,327	1,427,000	2,027,000
	Less Revenue	(541,868)	(1,520,200)	(1,520,200)
3.2.04	Advanced Technology Initiatives - Economic Renewal Agreement	0	0	0
	Less Revenue	(62,127)	0	0
3.2.05	Industrial Research Assistance Program (NRC)	428,367	457,000	457,000
	Less Revenue	(505,083)	(434,200)	(434,200)
4.1.01	Strategic Business Development	1,443,168	1,706,900	2,901,300
	Less Revenue	(100)	0	0
4.1.02	Comprehensive Economic Development (Current)	14,926,617	14,998,500	10,768,500
	Less Revenue	(4,104,225)	(2,340,100)	(2,340,100)
4.1.03	Economic Renewal Agreement - Planning	0	0	0
4.1.04	Comprehensive Economic Development (Capital)	2,890,310	3,011,000	3,241,000
	Less Revenue	(2,043,973)	(2,268,700)	(2,268,700)
4.2.01	Regional Economic Development Services	1,735,362	2,030,700	2,059,000
4.2.02	Strategic Regional Diversification Agreement	0	0	0
	Less Revenue	0	0	0
4.2.03	Canada/Newfoundland Agreement on Economic Development and Fisheries Adjustment (Current)	508,873	101,700	121,700
	Less Revenue	(492,087)	0	0
4.2.04	Canada/Newfoundland Agreement on Economic Development and Fisheries Adjustment (Capital)	21,011	39,000	214,000
4.3.01	Business Analysis	5,100,809	5,312,900	6,971,400
	Less Revenue	(50)	(20,000)	(20,000)
4.3.02	Strategic Enterprise Development Fund	3,621,500	3,621,500	2,621,500
	Less Revenue	(5,078,203)	(3,500,000)	(3,500,000)
5.1.01	Business and Economic Development Services	4,270,320	4,426,700	4,592,200
	Less Revenue	(3,200)	0	0
5.1.02	Portfolio Management	635,458	674,900	989,900
	<b>Department Total</b>	<b>\$29,748,754</b>	<b>\$35,198,096</b>	<b>\$35,198,096</b>

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

### Department of Industry, Trade and Rural Development



## Appendix B: Contact Information

### General Inquiries

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

Phone: (709) 729-7000 Fax: (709) 729-0654  
E-mail: [ITRDinfo@gov.nl.ca](mailto:ITRDinfo@gov.nl.ca)

### Corporate Office

Reception	729-7097/7000
Minister's Office	729-4728

### 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

Clarenville	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 Innovation, Trade and Rural Development: [www.gov.nl.ca/itrd](http://www.gov.nl.ca/itrd)

The Ambassador: [www.theambassador.ca](http://www.theambassador.ca)

Canada/Newfoundland and Labrador Business Service Centre: [www.cbsc.org/nl](http://www.cbsc.org/nl)

Capacity Building: [www.cedresources.nf.net](http://www.cedresources.nf.net)

Crafts of Character: [www.craftsofcharacter.com](http://www.craftsofcharacter.com)

Getting the Message Out: [www.gmo.nf.ca](http://www.gmo.nf.ca)

Investing in Newfoundland and Labrador: [www.nlbusiness.ca](http://www.nlbusiness.ca)

New England Trade: [www.newenglandbusiness.ca](http://www.newenglandbusiness.ca)

NETWORK Newfoundland and Labrador: [www.netwk.nf.ca](http://www.netwk.nf.ca)

# Appendix C: Map of Office Locations

