



Strategic Plan

**Department of Innovation, Trade and
Rural Development**
2006 - 2008

Strategic Plan

**Department of Innovation,
Trade and Rural Development
2006-2008**



Message from the Minister



Hon. Trevor Taylor

As Minister responsible for the Department of Innovation, Trade and Rural Development, and in accordance with government's commitment to accountability, I hereby submit the 2006-2008 Strategic Plan of the department. This document was prepared under my direction and I am accountable for the achievement of the goals and objectives contained therein, pursuant to section 5(4) of the Transparency and Accountability Act. As the department is a category 1 entity, under the Act I will be reporting our achievements at the outcome as well as activity level for each year of this plan.

This strategic plan introduces the principles by which government's economic development investments will be guided. These principles form the building blocks of the province's comprehensive regional diversification strategy, and are focused on directing the resources of government to where they will have the greatest impact, for the greatest number of people, over the long term. Government will identify strategic investments that are needed to advance economic, social, cultural and environmental development in all regions, and will collaborate with the private sector and other orders of government to leverage the required resources. This approach is also driving implementation of the Innovation Strategy, and key initiatives such as the Centre for Environmental Excellence.

This plan is guided by the strategic directions of government. A strategic direction is a desired physical, social or economic outcome that would normally require action by, or involvement of more than one government entity. The strategic directions for my department are:

1. Regional Diversification and Industry Growth

Outcome Statement: Diversified and strengthened regional economies

2. Innovation Enhancement

Outcome Statement: An innovative culture

3. Small and Medium-sized Enterprise Business Supports

Outcome Statement: An environment supportive of enterprise establishment and growth

Message from the Minister

4. **Business Promotion, Trade and Investment Development**

Outcome Statement: Increased business promotion, trade and investment

5. **Business, Industry and Economic Intelligence**

Outcome Statement: Improved understanding of and response to significant and long-term economic and competitiveness issues

The plan does not address all of the operations of the Department of Innovation, Trade and Rural Development. It outlines four priority issues that are of critical importance to the five strategic directions, and in particular for advancing government's comprehensive regional diversification strategy. Over the next two years my department will focus on two primary tasks in support of this strategy. The first involves building on our knowledge of the economy at the industry and regional level so that strategies, programs and policies are directed at significant needs and opportunities. This process is well underway as demonstrated by the launch and implementation of the first ever provincial innovation strategy this year which has been designed to address critical gaps in the province's innovation system. The second task for the department will be to complete the continuum of business supports and services available to Newfoundland and Labrador firms and entrepreneurs to assist their continued growth.

Partnerships will be key to the success of this Strategic Plan over the coming months and years. As we move forward together I look forward to the future of our regions with optimism.



Hon. TREVOR TAYLOR
Minister
MHA, The Straits and White Bay North

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Online <http://www.gov.nl.ca/intrd/strategicplan.htm>

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Introduction

This strategic plan is a statement of the actions the Department of Innovation, Trade and Rural Development will be undertaking over the next two years to help achieve the government's broad economic agenda. Unlike previous departmental plans, this document does not address all of the operations of the department. These details will be found in the forthcoming operational plan and divisional work plans required as part of the government-wide planning and accountability process. This document focuses instead on four priority issues that are of critical importance to advancing the department's comprehensive regional diversification strategy. Most importantly, this plan introduces the principles by which government's economic development investments will be guided for the next several years.

Plan at a Glance

Vision

The vision of the Department of Innovation, Trade and Rural Development is "a diversified, competitive economy with productive and prosperous people in all regions of the province."

Mission

By 2011, the Department of Innovation, Trade and Rural Development will "have stimulated economic and business development to foster regional and provincial prosperity."

Goal 1: By 2008, the Department of Innovation, Trade and Rural Development has acted on all priorities of the provincial innovation Strategy.

Objectives:

1. By 2007, strategy recommendations related to innovation enhancement and commercialization have been implemented.
2. By 2008, strategy recommendations related to innovative clusters, partnership development and an innovative culture have been implemented.

Goal 2: By 2008, the Department of Innovation, Trade and Rural Development has assisted the ocean technology sector to expand.

Objectives:

1. By 2007, the Ocean Technology Development Strategy is approved by government and implementation is initiated.
2. By 2008, the Department of Innovation, Trade and Rural Development will have assisted the sector to reduce existing commercialization gaps.

Goal 3: By 2008, the Department of Innovation, Trade and Rural Development will be recognized as a leader in the provision of export development services in the province.

Objectives:

1. By 2007, the Department of Innovation, Trade and Rural Development will have designed an updated export development approach.
2. By 2008, the Department of Innovation, Trade and Rural Development will have implemented its new export development approach, including a targeted trade initiative with Ireland.

Goal 4: By 2008, the Department of Innovation, Trade and Rural Development will have assisted Newfoundland and Labrador firms and ventures to access growth opportunities within the province and abroad.

Objectives:

1. By 2007, the Department of Innovation, Trade and Rural Development, in collaboration with the Government Purchasing Agency, will have completed implementation of the new provincial supplier development initiative.
2. By 2008, the Department of Innovation, Trade and Rural Development will have doubled the number of business network initiatives underway in the province.

Overview of the Department

The Department of Innovation, Trade and Rural Development (INTRD) was created in 2004 to reflect the enhanced emphasis placed on the innovation aspect of the provincial economic agenda. It is the lead agency for economic development in the province and in each of its regions.

The department has a Deputy Minister and four executive branches each headed by an Assistant Deputy Minister: Business Development and Strategic Industries; Innovation, Research and Advanced Technologies; Trade and Investment; and Regional Development. The department partners with the Atlantic Canada Opportunities Agency in managing and operating the Canada-Newfoundland and Labrador Business Service Centre/Network. (See appendix 2 for a copy of the department's organizational chart.)

There are five regional headquarters, 17 local area offices, and a corporate headquarters in St. John's. A second corporate office responsible for Portfolio Management and Administration is located in Marystown. Approximately 40 per cent of employees operate from offices located outside of St. John's. (See appendix 3 for contact information and maps of INTRD regions and office locations.)

The department's business investment portfolio is overseen by a crown agency, the Business Investment Corporation. Also reporting to the Minister are the Ireland Business Partnerships, the Strategic Partnership, and the Economic Diversification and Growth Enterprises Board.

The department's budget for 2006-07 is \$45.8 million and includes \$9 million for small and medium-sized enterprise financing, \$7.9 million for regional economic development including the regional/sectoral diversification fund, and \$5.0 million for innovation funding to companies and organizations.

The department strives to be an effective and comprehensive economic development agency, with a culture that emphasizes teamwork and partnerships. We work to enhance economic and business development for the citizens of the province by providing excellent service. We also strive to create an enjoyable workplace with challenging career opportunities and high levels of job satisfaction for our employees.

Mandate

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

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

The department is responsible for administering:

- The Economic Diversification and Growth Enterprises Act
- The Business Investment Corporation Act
- The Research Council Act

Lines of Business

The department is responsible for supporting development and diversification throughout the province. To achieve this, it operates five lines of business, supported by three corporate service areas: policy, communications and information management. In addition, INTRD is responsible for coordinating the Strategic Partnership Initiative, Ireland Business Partnerships and federal-provincial comprehensive economic development issues and agreements. The business lines are:

Small and Medium-sized Enterprise (SME) Development

Encompassing the business development, enterprise promotion, export development and trade functions of the department, SME development involves the provision of funding and business support services, such as counselling and export development services, to eligible small and medium-sized enterprises operating in the province. Client firms must be resident, or plan to be resident in the province to qualify.

Industrial Diversification

The department supports new and emerging industries and value-added initiatives in established industries that show significant growth potential in the province as a whole or in one or more of its regions. This encompasses the regional economic development, strategic industries and technology sector development functions of the department. Supports include policy development, strategic planning, capacity building, counselling, negotiation, brokering, facilitating business networks and financial assistance.

Innovation

The department fosters the development of an innovative culture throughout the province and provides support to industry, labour, academic and other research and development institutions and businesses involved in innovation projects. Emphasis is placed on increasing public and private investment in research and development infrastructure, enhancing commercialization activity and supporting the growth of industry clusters.

Investment

The department works with the Department of Business to ensure the successful attraction of direct investment to the province. Staff partner with officials from the Department of Business to provide support services to firms interested in locating and investing in the province.

Economic Intelligence

The department provides timely business, economic and market intelligence and competitiveness indicators at the regional, provincial, national and global levels for use by government, business, labour and other stakeholders. This service is delivered in partnership with the Economic Analysis Division of the Department of Finance and the Newfoundland and Labrador Statistics Agency.

The lines of business are provided through the corporate office and the department's 23 other offices located around the province. Service offerings vary by location. Services are provided during regular business hours and at other times as deemed necessary. The Canada-Newfoundland and Labrador Business Service Network, co-managed with the Atlantic Canada Opportunities Agency, provides twenty-four hour electronic access to business information and resources.

Organizational Landscape

The department works within a complex environment and shares a mandate for economic development with multiple organizations and entities, including other government departments, other levels of government, and a wide range of associations, community groups and development agencies. In fact, there are few areas where the department has exclusive jurisdiction. This means a major component of the department's work involves cultivating strong inter-agency relationships, including joint investments in development initiatives and sharing of staff expertise, project information and analysis.

Staff work closely with their counterparts in the Atlantic Canada Opportunities Agency, Industry Canada, International Trade Canada, the Department of Foreign Affairs and the National Research Council to ensure clients and projects benefit from the appropriate services each organization has to offer.

The department is involved in industry partnerships including Nearshore Atlantic and the Marine Technology Development Strategy. These initiatives are in addition to ongoing collaborative arrangements with provincial and regional industry and business associations.

Key partners at the regional level are the regional economic development boards and the Rural Secretariat regional councils, which will each help shape local and government regional diversification directions in the future. Municipal councils play a significant role in economic development within their communities and help influence the regional development agenda.

The department also collaborates with provincial government departments including Tourism, Culture and Recreation; Fisheries and Aquaculture; Finance; and Natural Resources. In support of its business and industry development mandate, INTRD

coordinates with these departments to develop sectors such as tourism, the cultural industry, fisheries, aquaculture, oil and gas, agriculture, forestry and manufacturing. Growth and development of the province's labour market is also important to the work of INTRD, consequently, the department works with the departments of Education and Human Resources, Labour and Employment under the Labour Market Development Agreement.

The department has a particularly close relationship with the Rural Secretariat and the Department of Business. INTRD partners with the Rural Secretariat to identify strategies to assist the secretariat in fulfilling its mandate of integrating the economic and social development policies and programs of the province, and supports the Rural Secretariat both at the regional level (implementation) and at the corporate level (policy development). In return, the department uses the resources and advice of the Rural Secretariat in developing its own program and policy priorities, particularly in the area of regional development.

INTRD partners with the Department of Business to provide support services to firms interested in locating and investing in the province. The two departments coordinate resources to help implement the province's investment attraction strategy and collaborate on economic policy issues.

Values

The following values and associated actions describe the way the department strives to conduct its business. All employees of the department should aspire to adopt these fundamental principles to guide their work.

Accountability

Each person answers for the obligations of his or her job assignment.

Effectiveness

Each person makes informed decisions in a timely and professional manner.

Resourcefulness

Each person focuses efforts on finding creative ways of addressing client needs utilizing the tools available from all sources.

Respect

Each person provides timely meaningful services to clients in a respectful and courteous manner.

Responsiveness

Each person builds relationships of trust and collaboration with, and among, citizens.

Cooperativeness

Each person develops and participates in team approaches to advancing the department's mandate.

Communication

Each person takes initiative to promptly share information with co-workers in support of the department's mandate.

Primary Clients, Target Markets and Related Expectations

The department focuses on both domestic clients and external markets. Internal clientele includes those businesses, entrepreneurs and organizations resident in the province that have the potential to generate economic activity or create the environment for economic growth. This includes existing businesses, industry organizations, new entrepreneurs, local investors, the research and development community, economic development groups, and individuals. The department offers these clients a variety of services including: financing, information and research, counselling, brokering, business planning, facilitation, partnerships, mentoring, opportunity identification and network creation.

External markets include individuals or businesses with the potential to create or expand a business in the province and those who import goods and services from the province. These might be firms looking to expand, relocate or partner with an existing business in the province; outside investors; Newfoundland and Labrador expatriates in influential positions; and potential immigrants with needed skill sets or experience. The department works with all potential clients providing information, opportunity identification, facilitation, brokering, incentives and collateral materials. External markets tend to be defined by geography and industry type and are generally limited to goods and services for which a competitive advantage exists or can be reasonably created within the province.

While the department works with both domestic and international clients, the largest client group is the province's business and economic development communities. Small and medium-sized businesses, firms with less than 100 employees, play a lead role in creating employment and income in the province. Through our network of corporate, regional and field offices, the department handles inquiries and provides information to entrepreneurs, small business owners, individuals and groups from across the province and provides programs and services directly aimed at helping small and medium-sized businesses to thrive and grow.

Vision

The vision of the Department of Innovation, Trade and Rural Development is “a diversified competitive economy with productive and prosperous people in all regions of the province”.

Mission Statement

The mission statement identifies the priority focus area of the Minister over the next two planning cycles. It represents the longer-term result that I and my department will be working toward as we move forward on the strategic directions of Government. The statement also identifies the measures and indicators that will assist both my department and the public in monitoring and evaluating success.

Our Mission

By 2011, the Department of Innovation, Trade and Rural Development will “have stimulated economic and business development to foster regional and provincial prosperity.” We will achieve our mission by focusing on the factors that are key to achieving sustained economic growth: competitive businesses and a competitive business environment; enhanced productivity; stronger communities and regions; and confidence in ourselves. Implicit within each of these areas is a substantive policy commitment to innovation at the firm and industry level as the key to competitiveness over the long term. Ultimately, we are guided by the principle of prosperity for people in all parts of the province through the creation of wealth.

Measures

Stimulated economic and business development Fostered regional and provincial prosperity

Indicators

- Provincial and leveraged dollars invested in client enterprises
- Provincial and leveraged dollars invested in innovation activities
- Percentage of INTRD total investments made in export-oriented projects
- Provincial and leveraged dollars invested in regional and sectoral initiatives
- Percentage of client enterprises reporting growth or expansion
- Percentage of clients reporting increase in export activity
- Percentage of clients reporting growth in employment/payroll

Strategic Considerations

Since 1998, the province's economy has experienced strong growth. Led by offshore oil production, a diversified fishery, residential and commercial construction activity, tourism and manufacturing, these economic gains have translated into employment growth, higher wages and increasing consumer confidence. While this progress demonstrates marked improvement in a number of sectors of the economy and has contributed to a positive shift in people's attitudes and overall confidence, many challenges remain, including persistent under-employment in some areas and the need for continued diversification of the economy. The challenge of reducing dependence on single industries has become particularly significant as market weaknesses in the fish processing and paper manufacturing industries have affected several communities.

Maintaining competitiveness is necessary to achieve sustained economic growth and an improved standard of living. The province's strong growth of the last few years needs to continue for a significant period of time if we are to succeed in closing gaps in key economic measures with the rest of the country, and indeed much of the western world. The question is how to create a competitive, high productivity, high wage economy outside the oil and gas sector. One answer is to generate a dramatic increase in private sector capital investment, with a higher proportion of that investment being directed at export-oriented production including technical and professional services.

Generating that increase requires a dual approach:

- building on our existing economic base by supporting the initiative of the private sector; and
- positioning the province as an internationally competitive location.

While INTRD has a strong role to play in moving both of these two approaches forward, it will take the concerted action of many different departments and agencies to achieve broad-based and sustained results. Furthermore, government can only ensure a supportive environment for growth. The results come from the investment and hard work of the private sector and their workers.

Framework for Economic Development

Guided by both the need to refocus economic development policy and the results of consultations throughout the province, the provincial government has developed five guiding principles for economic development. Economic development policy will:

- emphasize regional industrial development;
- link industrial development to small business creation;
- recognize linkages between social and economic planning;

- recognize innovation and technology as the cornerstones for industrial development; and,
- link strategies that will create new business operations and long term sustainable employment.

These principles form the building blocks of the province's Comprehensive Regional Diversification Strategy. The approach focuses on identifying the key priorities (issues and opportunities) that must be addressed within each of the nine Rural Secretariat regions in order to achieve sustainable development. This is then accomplished by directing the limited resources of government (and others) to where they will have the greatest impact for the greatest number of people within the region.

Government commits to the following in implementing the regional diversification strategies:

- Innovation, Trade and Rural Development will coordinate the strategies for each of the nine regions to ensure consistency with other departments' sector strategies and plans;
- Innovation, Trade and Rural Development will coordinate broad sector strategies, short-and-intermediate term initiatives linked to longer term diversification;
- partner departments will continually identify opportunities for development in each of the regions;
- the Economic Initiatives Committee (EIC) of Cabinet has the leadership role for coordinating the support of the EIC departments in implementing the regional diversification approach;
- the Rural Secretariat will inform the development of strategies, policies, programs and budget issues that affect sustainable regions.

Under this approach, government will then coordinate efforts with other partners to leverage the required resources to act on the regional priorities. Effective partnerships with the federal government will be maintained at both the provincial and regional levels and will aim to harmonize priorities and undertake joint action where feasible. For the duration of this strategic plan, particular emphasis will be placed on advancing federal and provincial investments in innovation, broadband infrastructure, and ocean technology. Other investment priorities will be determined on an ongoing basis for each of the nine regions.

The Department of Innovation, Trade and Rural Development will also continually explore options for linkages with other provincial strategies that relate directly to identified regional priorities, for example the Northern Strategic Plan under development by Labrador and Aboriginal Affairs, the Infrastructure Investment Strategy of the Department of Transportation and Works, and the Investment Attraction Strategy of the Department of Business.

To ensure strong internal linkages are maintained, INTRD has refocused its own strategies and resources to support the comprehensive regional diversification approach as follows:

- The innovation strategy will support the research and development required to advance opportunities identified in the regional diversification strategy through the provision of knowledge-based infrastructure and ready access to research development resources;
- The Ocean Technology Development Strategy will support expansion of existing industry capacity and help leverage the resources required to advance ocean related opportunities identified in the regional diversification strategy;
- The Export Development Strategy will support business development and growth by identifying opportunities in national and international markets and by facilitating local private sector participation in export markets; and,
- The portfolio of business development services will be further expanded to support the establishment and growth of alternate forms of enterprise including business networks, cooperative enterprises and supplier development ventures.

Issues and Goals

After consideration of Government's strategic directions and the mandate and financial resources of the department, the following issues have been identified as the key priorities for the next two years. The goals identified for each issue reflect the results expected in the two year timeframe while the objectives provide an annual focus. Measures and indicators are provided for both the goal and the first year's objective to assist both the department and the public in monitoring and evaluating success. Where applicable indicators will be analyzed on the basis of gender.

Innovation

Innovation is the development of new goods, services and processes. Commercialization is the process that transforms these new ideas into commercial value. The commercial value of these goods, processes and services is the driving force of our economy, making innovation a key priority for government.

Newfoundland and Labrador's strengths in innovation include strong R&D infrastructure in ocean technology, marine sciences, information and communications, life sciences, environmental technologies and aerospace and defense, and a growing technology-based private sector led by established small-to-medium sized enterprises (SMEs). However, the province continues to experience a significant gap with the leading Canadian provinces on a range of other indicators that measure innovation. Newfoundland and Labrador firms have limited access to private sector risk capital and relatively low investment in R&D by industry – the private sector is responsible for just over 10 per cent of all R&D expenditure in the province, as compared to almost 60 per cent at the national level. Newfoundland and Labrador also ranks lowest in Canada in terms of workers involved in research and development activities.

To encourage a more innovative and creative environment certain tools need to be available, such as knowledge infrastructure and access to financial and skills development resources. In particular, a more cohesive approach needs to be taken between post-secondary institutions, businesses and communities to maintain a skilled labour force, attract investment and diversify industries. Each of these components are addressed in the provincial innovation strategy.

Goal: By 2008, the Department of Innovation, Trade and Rural Development has acted on all priorities of the provincial innovation strategy.

Measure: All innovation strategy priorities are being acted upon.

Indicators:

- Activities are coordinated with the federal government and industry partners.
- Provincial and leveraged dollars invested in innovation activities.

Objectives:

1. By 2007, strategy recommendations related to innovation enhancement and commercialization have been implemented.

Measure: Innovation enhancement and commercialization recommendations have been implemented.

Indicators:

- Provincial and leveraged investments in innovation enhancement.
 - Provincial and leveraged investments to innovative firms to commercialize new products, services and processes.
2. By 2008, strategy recommendations related to innovative clusters, partnership development and innovative culture have been implemented.

Ocean Technology

Newfoundland and Labrador is evolving into a world leader in specialized ocean technology products and services. With the expansion of international market opportunities, the province is well positioned to develop its ocean technology base into a competitive advantage, making the sector a strategic priority.

In 2004 the Government of Newfoundland and Labrador committed \$1.5 million as part of a five-year program to implement the first provincial marine technology development strategy. This strategy contained a vision and plan for capturing a much greater share of emerging domestic and global marine opportunities. The sector continues to see promising growth with 52 knowledge intensive small and medium-sized enterprises in operation employing over 1400 highly-educated employees.

Currently, the majority of businesses in the sector are relatively mature, having been in operation for more than 10 years on average. However, the makeup of the sector is changing with the incubation of new firms. In almost all cases, local companies have evolved by developing products or services for niche markets based on the owners' particular skills and knowledge. These firms cover a wide range of industries including offshore oil and gas, marine transportation, fisheries, aquaculture, defense and security, marine recreation and environmental science. In addition, clusters of companies with compatible technologies are emerging in such areas as integrated navigation and control systems; sensors, transducers, and related instrumentation; specialized radars and remote sensing systems; and robotics and intelligence systems.

Newfoundland and Labrador is the only province to have implemented a strategy to develop its marine technology base into a competitive advantage. The strategy is timely given that the Government of Canada has released a National Ocean Action Plan and the United States has also endorsed a similar oceans plan. Clearly, there is real opportunity to assume a leadership role within Canada in fostering growth in the sector and developing close relationships with new international partners. Consequently, the department will be expanding the strategy to include ocean technologies and will be focusing substantively on the broader sector as a strategic growth opportunity for the province.

Goal: By 2008, the Department of Innovation, Trade and Rural Development has assisted the ocean technology sector to expand.

Measure: Sector growth.

Indicators:

- Provincial investment in growth opportunities with Newfoundland and Labrador ocean technology firms.
- Number of client firms reporting successful growth projects.
- Provincial and leveraged dollars invested in innovation activities (e.g. industry marketing, network development and industry infrastructure).

Objectives:

1. By 2007, the Ocean Technology Development Strategy is updated, approved by government and implementation is initiated.

Measure: A revised Ocean Technology Development Strategy is approved and implemented.

Indicators:

- The strategy has been released.
 - Activities are coordinated with the federal government and industry partners.
 - Branding of the province's ocean technology sector has been initiated.
 - International market opportunities are identified and pursued.
 - Actions to strengthen domestic markets are initiated.
- 2.** By 2008, the Department of Innovation, Trade and Rural Development will have assisted the sector to reduce existing commercialization gaps.

Export Development

Exports are a key contributor to economic growth. Newfoundland and Labrador is building on its rich history as an exporter of resources by showcasing our capacity to bring new products and services to international markets.

International merchandise exports from the province were valued at almost \$4.6 billion in 2005, representing more than a tripling of the province's total export value since 1993. In addition, inter-provincial goods and services exports remained a strong contributor to economic growth. Currently, the ratio of inter-provincial exports to international exports is approximately \$1 in domestic trade for every \$1 dollar traded internationally.

Export Development Canada is forecasting the value of the province's international exports will increase a further 7 per cent in 2006 and by another 10 per cent in 2007, mainly driven by higher exports of iron ore and energy products. While progress in Newfoundland and Labrador's export sector has been substantial, there remains significant opportunity for additional development. Substantial growth potential exists in some of our traditional resource sectors, and also in our maturing knowledge-based industries such as information technology, instrumentation, marine communications, manufacturing, research and development, biotechnology and aerospace and defense.

Newfoundland and Labrador is less reliant than other provinces in Canada on the U.S. as an export market (52 per cent of exports were destined for the United States last year as compared to almost 84 per cent on average for the country as a whole). As the destinations and the make-up of our provincial exports become more diversified, so should the provincial programs that support their growth and development. Feedback from the private sector and industry stakeholders indicates that existing provincial export development programs are valuable and necessary in supporting the export efforts of Newfoundland and Labrador firms but require updating to reflect emerging opportunities in new and existing markets. This updated approach to export development requires that the department emerge as a leader in support of export development. The department will undertake collaborative delivery of export-related programs to ensure services are accessible across the province, focus on well-defined geographic and sectoral targets, and track export performance. As a first priority, the department will work with the Ireland Business Partnerships to aggressively grow trade relations with Ireland.

Goal: By 2008, the Department of Innovation, Trade and Rural Development will be recognized as a leader in the provision of export development services in the province.

Measure: The department is recognized as a leader in the provision of export development services in the province.

Indicators:

- Export Development programs and services are marketed effectively to the province's business community.
- Programs and services are operating at or near full capacity
- Clients consistently rate INTRD satisfactory or higher on its export development programs and services.

Objectives:

1. By 2007, the Department of Innovation, Trade and Rural Development will have designed an updated export development approach.

Measure: Updated export development is designed.

Indicators:

- Geographic target markets are reviewed and new markets identified.
 - Current departmental programs and activities are aligned to promote enhanced export development.
 - Internal resources are allocated to implement strategy.
 - New export development services are identified to fill gaps.
2. By 2008, the Department of Innovation, Trade and Rural Development will have implemented its new export development approach, including a targeted trade initiative with Ireland.

Small Business Growth

Small and medium sized businesses, those with less than 100 employees, account for 98 per cent of the province's firms and contribute 40-45 per cent of total provincial employment, making this segment of the private sector a key element of the province's future development.

Beginning in the late 1990s, Newfoundland and Labrador has enjoyed steady and sustained growth in employment from the province's business sector despite a reduction in the number of firms registered in the province over the same time. While the private sector must fuel its own growth through continued investment, it is government policies and regulations - federal and provincial - that help set the conditions for those investments to occur. Newfoundland and Labrador has undertaken a number of initiatives to help strengthen the conditions for small business investment in this province. The province launched a government-wide effort - Red Tape Reduction - to reduce the administrative cost to business of complying with provincial regulations. It is creating new mechanisms to support the growth of innovative, well-managed firms including offering flexible financial services tailored to fit the smallest enterprises and medium-sized ventures. And it has started a local supplier development initiative to ensure Newfoundland and Labrador businesses have the opportunity to compete with other suppliers on public contracts.

Over the next two years, the Department of Innovation, Trade and Rural Development will build on these past efforts by: implementing the findings of the Business Retention and Expansion program to assist SMEs with the removal of barriers to growth and expansion; developing business networks to facilitate opportunities within sectors, including the business network with the Newfoundland and Labrador Federation of Cooperatives; and creating a national and international supplier development program that matches local suppliers with procurement opportunities outside the province.

Goal: By 2008, the Department of Innovation, Trade and Rural Development will have assisted Newfoundland and Labrador firms and ventures to access growth opportunities within the province and abroad.

Measure: Newfoundland and Labrador firms and ventures assisted to access growth opportunities.

Indicators:

- Provincial and leveraged investments made in growth opportunities.
- Number of client firms reporting successful growth projects.

Objectives:

1. By 2007, the Department of Innovation, Trade and Rural Development, in collaboration with the Government Purchasing Agency, will have completed implementation of the new provincial supplier development initiative.

Measure: Supplier development initiative implemented.

Indicators:

- Industry information and development sessions conducted regularly in all regions.
- Percentage of participants reporting improved access to provincial tender opportunities.

2. By 2008, the Department of Innovation, Trade and Rural Development will have doubled the number of business network initiatives underway in the province.

APPENDICES

Strategic Directions

Strategic directions are a statement of the desired physical, social or economic outcomes for the province. They are generally broad and far-reaching, and normally require action by more than one government entity to achieve. These directions are communicated by Government through platform documents, throne and budget speeches, policy documents, and other communiqués. The Transparency and Accountability Act requires departments and public bodies to take into account these strategic directions in their performance-based plans. This helps integrate planning practices across Government and ensure all entities are moving forward on key commitments.

The directions related to the Department of Innovation, Trade and Rural Development are provided below. Each strategic direction comprises a number of components, or focus areas. As indicated in the table below, some have been addressed in this strategic plan while others are addressed in the operational or work planning processes.

Title: Regional Diversification and Industry Growth
Outcome: Diversified and strengthened regional economies.

| Components | Applicable to Other Entities Reporting to the Minister | These components are addressed: | | |
|--|--|---------------------------------|-------------------------|-------------------------------------|
| | | In the strategic plan | In the operational plan | In the branch/divisional work plans |
| Internal and external partnerships | | X | | |
| Coordination of public investments | | | | X |
| Expansion and diversification of existing businesses | | X | | |
| New business investment | | | | X |
| Coordinated labour market policy and development | | | | X |
| Strategic industry development | | X | | |

Title: Innovation
Outcome: An innovative culture

| Components | Applicable to Other Entities Reporting to the Minister | These components are addressed: | | |
|---------------------------|--|---------------------------------|-------------------------|-------------------------------------|
| | | In the strategic plan | In the operational plan | In the branch/divisional work plans |
| Research and development | | X | | |
| Commercialization | | X | | |
| Skills and Training | | X | | |
| Technology Infrastructure | | X | | |
| Innovative culture | | X | | |

Title: Small and Medium-Sized Enterprise Business Supports
Outcome: An environment supportive of enterprise establishment and growth

| Components | Applicable to Other Entities Reporting to the Minister | These components are addressed: | | |
|--------------------------------------|--|---------------------------------|-------------------------|-------------------------------------|
| | | In the strategic plan | In the operational plan | In the branch/divisional work plans |
| Financing | | X | | |
| Counseling/information and aftercare | | | | X |
| Business intelligence | | | | X |
| Business regulatory regime | | | | X |
| Business networks | | X | | |

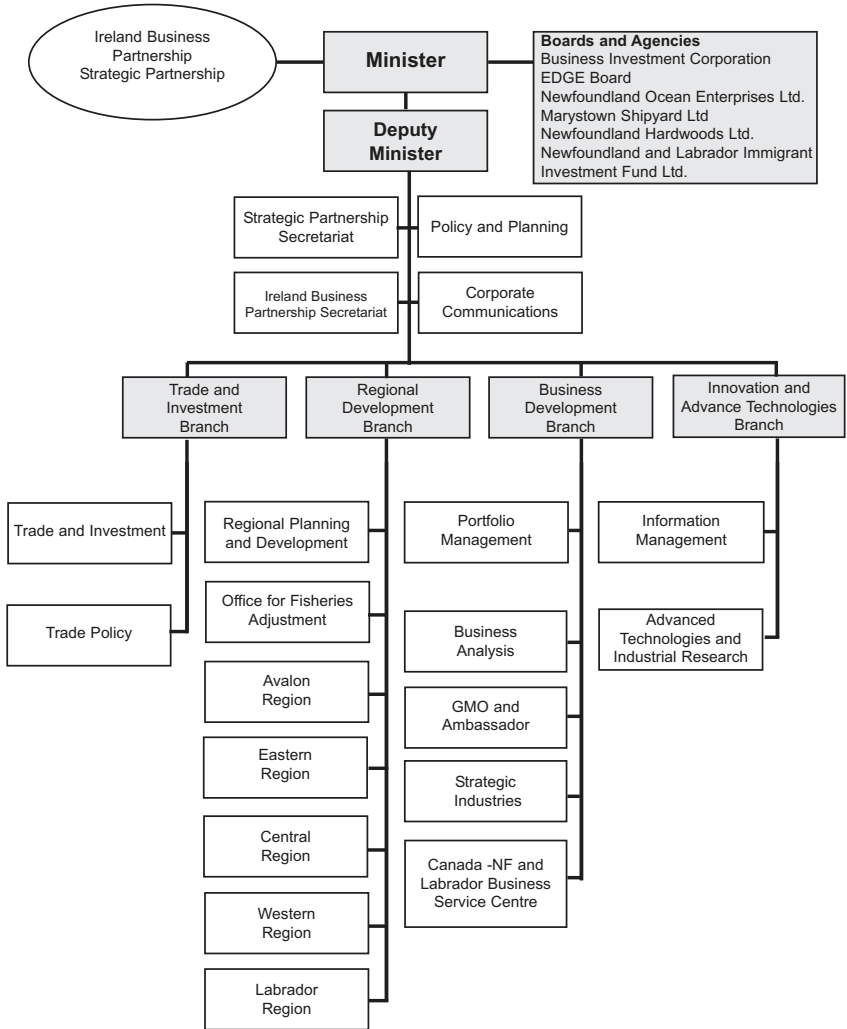
Title: Business Promotion, Trade and Investment Development
Outcome: Increased business promotion, trade and investment

| Components | Applicable to Other Entities Reporting to the Minister | These components are addressed: | | |
|------------------------|--|---------------------------------|-------------------------|-------------------------------------|
| | | In the strategic plan | In the operational plan | In the branch/divisional work plans |
| Trade policy | | | | X |
| Export development | | X | | |
| Investment development | | | | X |
| Enterprising culture | | | | X |

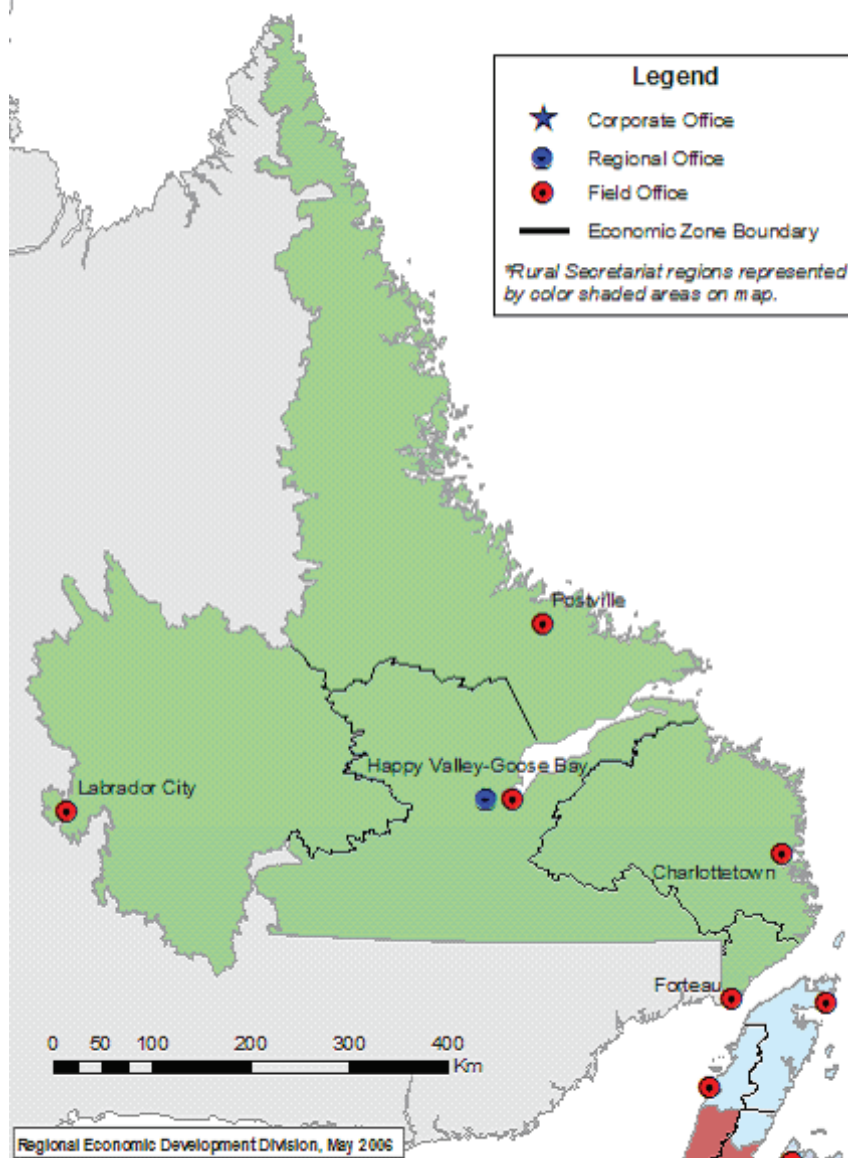
Title: Business, Industry and Economic Intelligence
Outcome: Improved understanding of and response to significant and long-term economic and competitiveness issues

| Components | Applicable to Other Entities Reporting to the Minister | These components are addressed: | | |
|---|--|---------------------------------|-------------------------|-------------------------------------|
| | | In the strategic plan | In the operational plan | In the branch/divisional work plans |
| Enhanced information products and analytical capacity, e.g. Production Accounts | | | | X |
| Intra-governmental and multi-stakeholder coordination | | X | | |
| Intelligence packaging and dissemination, e.g. competitiveness analysis | | | | X |
| Policy coordination | | | | X |

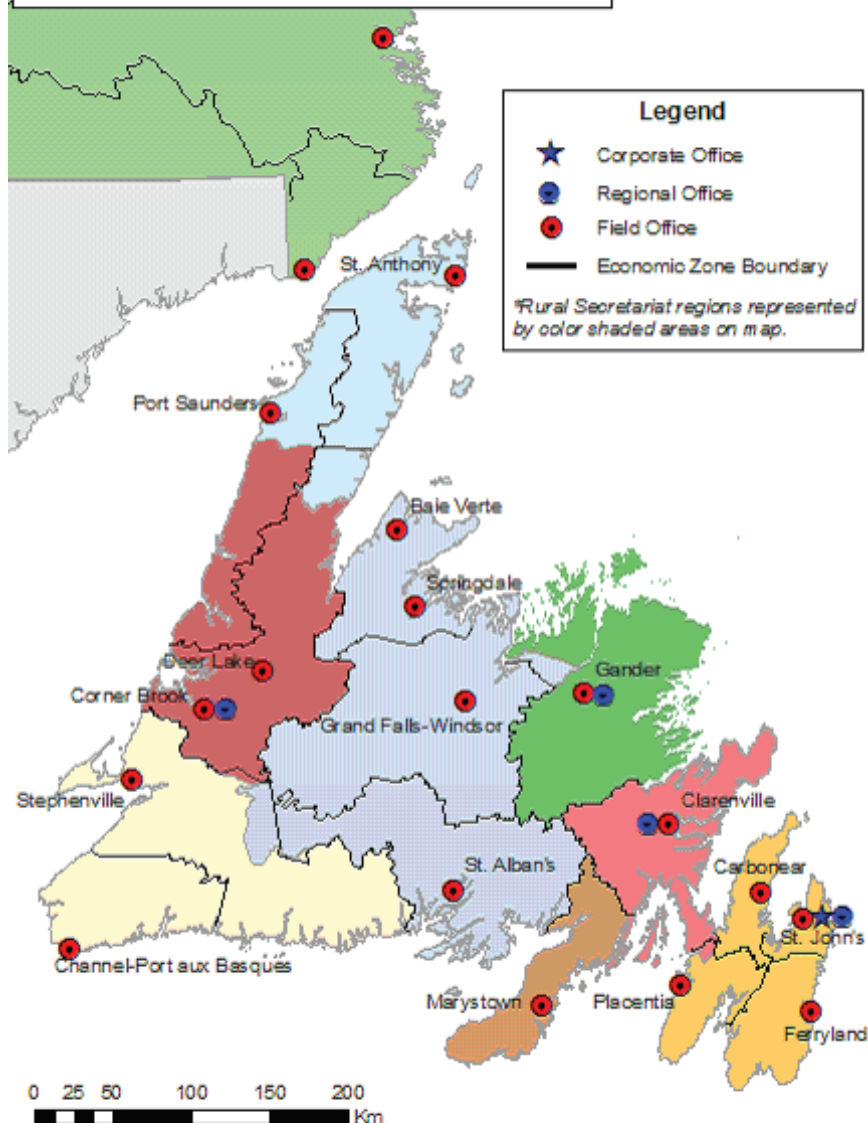
**Appendix 2: Organizational structure
Department of Innovation, Trade and Rural Development**



Dept. of Innovation, Trade and Rural Development
Office Locations - Labrador



Dept. of Innovation, Trade and Rural Development
Office Locations - Newfoundland



Regional Economic Development Division, May 2006

Appendix 3: Contact Information

General Inquiries

Department 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

Corporate Office

Reception 729-7000/7097
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 454-3521
Port Saunders 861-3004/3096
Corner Brook 637-2976
Deer Lake 635-2613
Stephenville 643-2600/1228
Port aux Basques 695-9872

Central Region

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

Eastern Region

Clareville 466-4170
Marystown 279-5531/5533

Avalon Region

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

Our Websites

Department
www.gov.nl.ca/intrd

The Ambassador
www.theambassador.ca

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

Capacity Building
www.cedresources.ca

Crafts of Character
www.craftsofcharacter.com

Getting the Message Out
www.gmo.nl.ca

Investing in Newfoundland and Labrador:
www.nlbusiness.ca

New England Trade
www.intrd.gov.nl.ca/intrd/newengland_trade

Provincial Nominee
www.nlppn.ca

Ireland Business Partnerships
www.ibp.nl.ca