



Economic Development

Annual Report
2013-2014



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ISBN 978-1-4605-0600-4 (print edition)
ISBN 978-1-4605-0601-1 (PDF: English)
ISBN 978-1-4605-0602-8 (PDF: française)
ISSN 2368-4984 (print edition)
ISSN 2368-4674 (PDF: English)
ISSN 2368-4682 (PDF: française)

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The Honourable Graydon Nicholas
Lieutenant-Governor of New Brunswick

May it please your Honour:

It is my privilege to submit the Annual Report of the Department of Economic Development, Province of New Brunswick, for the fiscal year April 1, 2013, to March 31, 2014.

Respectfully submitted,



Richard (Rick) Doucet
Minister

Rick Doucet
Minister of Department of Economic Development

Sir:

I am pleased to be able to present the Annual Report describing operations of the Department of Economic Development for the fiscal year 2013-2014.

Respectfully submitted,



Denis Caron
Deputy Minister

Table of Contents

Minister's Message	1
Deputy Minister's Message	2
Highlights	3
Strategic Priorities.	4
Strategy Management	4
The Perspectives of the Strategy Map.	4
Departmental Strategy Map Context	4
Performance Measures.	5
Overview of Departmental Operations	8
Financial Information.	13
Summary of Staffing Activity	14
Summary of Legislation and Legislative Activity	15
Summary of Official Languages Activities.	16
Summary of Recommendations from the Office of the Auditor General.	18

Minister's Message

The mission of the Department of Economic Development is to stimulate economic growth for a more prosperous New Brunswick.

The redesign of this year's annual report is part of a government-wide approach to focus on performance reporting, which including progress on meeting its goals, in alignment with strategic themes set by the Government.

The Department of Economic Development delivered several financial programs through four key programs: Financial Assistance to Industry Program (FAIP), New Brunswick Growth Program (NBGP), Technology Adoption and Commercialization Program (TACP) and Export Development Program (EDP).

As part of our mandate to work with New Brunswick's small-and-medium-sized business, the Department increased funding in three key programs: INNOV8, New Brunswick Growth, and Export Development Program during 2013-2014. These programs are delivered through the department's five district and seven satellite offices to better serve our clients.

The Department of Economic Development led numerous trade missions and helped New Brunswick companies identify new product markets and partnership opportunities in international markets.

The Department will continue to focus its efforts on working with partners – business, academia and government – enhance economic growth in our province.

Honourable Rick Doucet
Economic Development

Deputy Minister's Message

I am pleased to provide this annual report which describes the mandate, operation and highlights for 2013-2014.

In 2013-14 the Department of Economic Development effectively supported the Government agenda, vision, and commitments.

The Economic Development Action Plan was supported in part, through the implementation of the Growing Global Markets export strategy. Among other initiatives, as a marketing and communication plan to support New Brunswick exporters was completed.

Regional services were decentralized to enable local decision making. The department collaborated with regional business advisory councils to understand regional needs. Financial programs were adjusted to be more responsive.

Resources were focused on traditional and growth sectors such as; value added wood, ICT and industrial fabrication. Additionally, action was taken to assist major exporters.

Executive management directly supported Government Renewal and the Performance Excellence Process departmentally, and through leadership of the Stronger Economy Theme Team.

The culture and processes of the department were aligned with Government strategy, and we developed a department strategy map, action plan, Balanced Scorecard and measures to drive a culture of continuous improvement.

I am proud of the service and commitment of the staff of the Department of Economic Development, and we will build on the work and accomplishments achieved in 2013-14 to contribute to economic growth and prosperity in New Brunswick.

Denis Caron
Economic Development

Highlights

Implemented the government's plan to decentralize decision-making authority and offer greater services to the regions.



Led a stakeholder process to generate recommendations for regional economic development planning activities.



Developed stronger partnerships with other regional funding agencies, resulting in a positive flow of information and communication.



Led and coordinated 7 inbound missions, 42 outbound missions, 7 export training events & 2 special events (Export Awards & Innov8 Awards).



465 NB companies and industry organizations participated in export missions, enabling exposure to key markets.



Met 'Smart Regs' commitments, reducing obsolete and other clauses in regulation.



Met the department's budget target and was under budget by \$1.9 million.



As a third wave adopter, the Department developed a strategy map and Balanced Scorecard and performance measures for implementation in 2014-15.

Strategic Priorities

Strategy Management

The Government of New Brunswick (GNB) has implemented a formal management system built on leading business practices to develop, communicate and review strategy. This process provides the public service with a proven methodology in both public and private sectors to execute strategy.

The formal management system starts with a strategic vision. In 2013-14 the government expressed its vision through the themes for a stronger economy and an enhanced quality of life while living within our means. This strategic vision is articulated through the strategy map, which is a tool to provide focus and overall direction for improvement.

The Perspectives of the Strategy Map

The strategy map focuses on what's important to citizens: stimulating job creation and getting more people working; access to necessary programs and services; and providing value for their tax dollars.

The financial perspective addresses the financial requirements needed to sustainably support the commitment to citizens, stretching across all three themes of the vision. The financial perspective focuses on supporting the private sector to stimulate growth, ensuring the government lives within its means by achieving a sustainable budget, and funding priority programs to contribute to an enhanced quality of life.

The internal processes are government's direct role in achieving the vision. They are the strategic improvements government needs to successfully implement to achieve the vision. Each department sets its own goals and priorities within the strategic themes to match its programs and specialized needs.

The enablers ensure that GNB is ready to execute the strategy through internal processes. Leaders and employees need to develop and demonstrate behaviours that engage others to ensure the success of strategic projects. Leaders need the right information at the right time to make strategic decisions, and the culture must align and recognize those who contribute to achievement of the strategy.

Departmental Strategy Map Context

The Department of Economic Development is part of the 3rd group of departments adopting the GNB formal management system. This year the department aligned its efforts with the GNB strategic theme of a stronger economy, as well as established a Leadership Team, comprised of division heads and selected senior managers to guide the development of the first Departmental strategy map and Balanced Scorecard performance measures for implementation in 2014-15.

Performance Measures

Strategic Theme: A Stronger Economy	Measures
Foster Private Sector Export Sales	Trade: Export Sales
Strategic Theme: Enhanced Quality of Life	Measures
Strategic Theme: Living Within Our Means	Measures
Meet or underspend expense budget	Ratio of actual to Economic Development budgeted expenditures
Enablers (HR, IT, Performance Excellence Culture)	Measures

Strategic Theme

A Stronger Economy

Objective of the measure
Foster Private Sector Business Growth

Measure
Trade: Export Sales

Description of measure
The measure is the value of international goods exports.

Overall performance
Below baseline. Export sales of petroleum products declined more than anticipated.

Baseline: \$14.81 Billion (2012)
Actual: \$14.47 Billion (2013)

Why do we measure this?
Export sales bring money into the Province and are an indicator of economic growth.

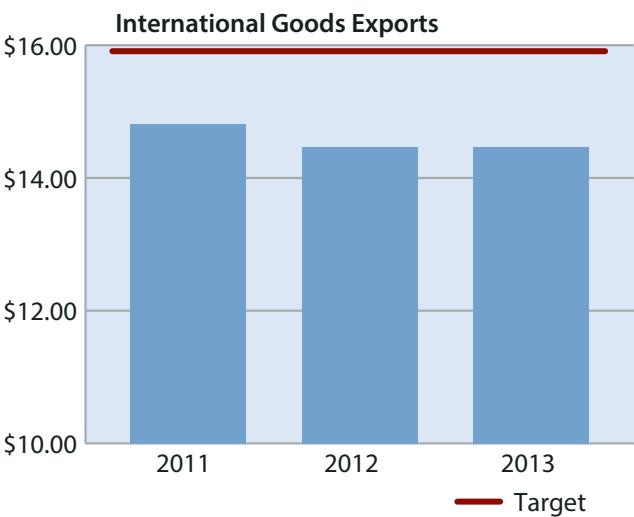
What projects were undertaken in the reporting year to achieve the outcome?
Implement the Growing Global Markets Strategy

The Export Development Branch focused specifically on export sales in the strategic sectors. This directly supported the Government’s Stronger Economy Theme objective “Foster private sector business growth” and the measure “Export Sales.”

The Branch led the first year of implementation of the five year “Growing Global Markets” strategy. The strategy in turn was an initiative within the Rebuilding New Brunswick – Economic Development Action Plan.

A cross-functional, multi-department and intergovernmental trade team was revitalized to ensure focus on common goals and enhance client service coordination. The team also began to explore the opportunities presented by the Canada-European Union: Comprehensive Economic and Trade Agreement (CETA).

The branch continued to support value added wood exports to China and coordinated a significant public/ private mission to Brazil identify sales opportunities.



Strategic Theme Living Within Our Means

Objective of the measure

Meet or underspend expense budget

Measure

Ratio of actual to Economic Development budgeted expenditures

Description of measure

The ratio measures whether the department is over or under budget. The ratio will exceed 100 percent when spending is over-budget and be less than 100 percent when spending is under-budget.

Overall performance

The Department of Economic Development including the Regional Development Corporation's 2013-14 budget was set at \$101,373,000. After close monitoring of expenditures and cost savings, the department closed out the fiscal year at \$99,427,000.

Baseline: 100%

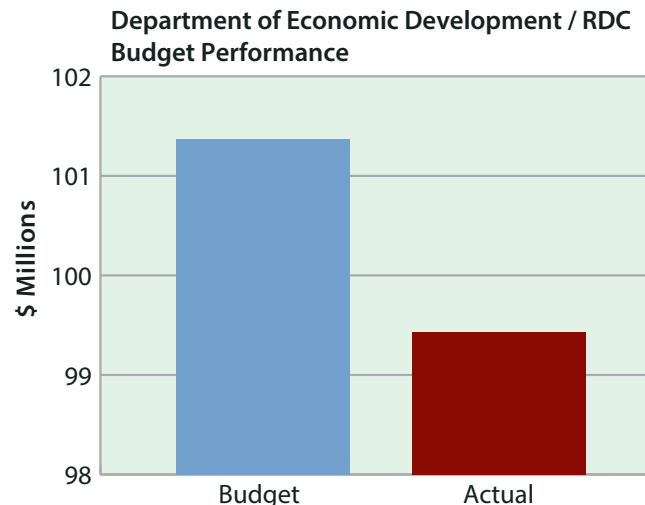
Actual: 98%

Why do we measure this?

The indicator measures the ability of the provincial government to manage its overall expenses as compared to budget. The provincial government must ensure that expenses are managed in accordance with the budget and be prepared to take corrective action if expenses are projected to be over-budget during the year.

What projects were undertaken in the reporting year to achieve the outcome?

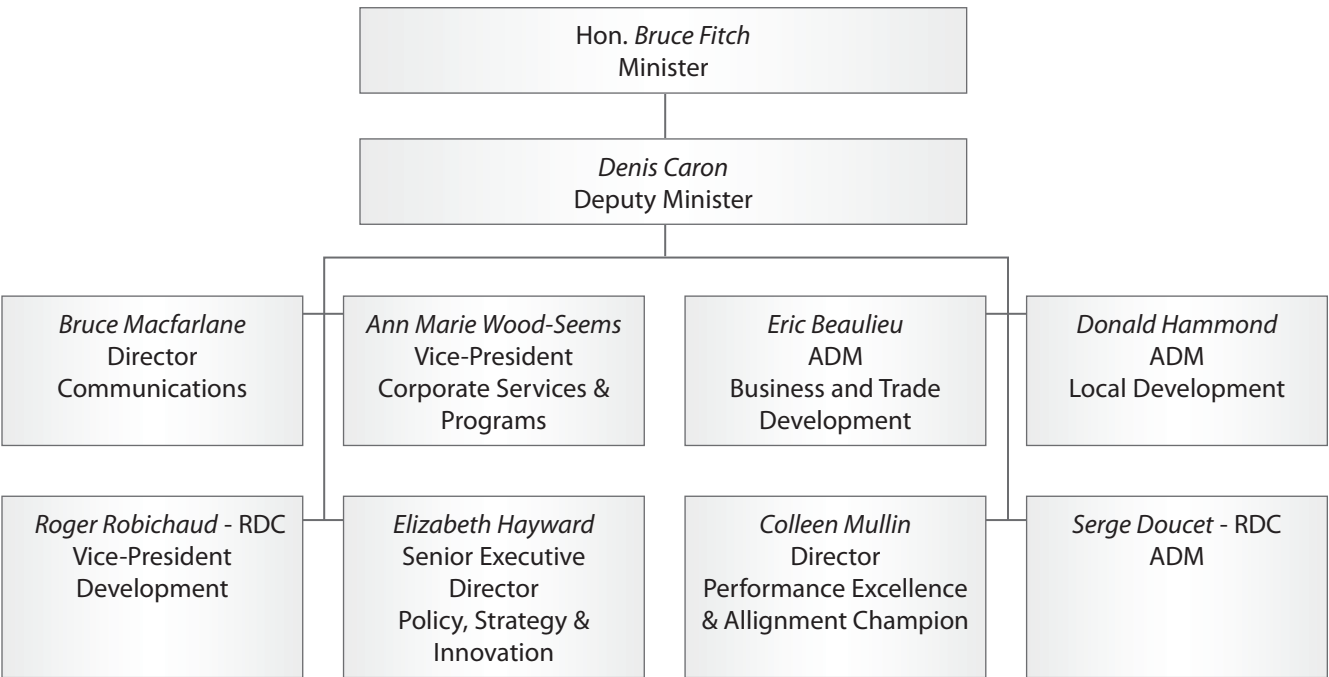
The outcome was a result of achieving cost savings in Corporate Services, program savings in Business and Trade Development, savings in Local Development due to a new delivery model which was still ramping up, as well as, savings in Strategic Assistance mostly due to timing of projects.



Overview of Departmental Operations

During 2013-14 the Department drove New Brunswick’s economic development strategy through key priorities:

- Business retention and expansion – We helped traditional resource, selected services and manufacturing industries be more competitive by targeting new markets and improving capacity, and productivity.
- Cluster development – We built on our research communities and industries to create business clusters that focus on ICT, biosciences, aerospace and defence, industrial fabrication, value-added food and value-added wood.



Division Overview and Highlights

Business and Trade Development

Employs thirty people, to support companies in priority and traditional resource sectors, selected services and manufacturing industries improve efficiency, productivity, grow export sales and create jobs.

Export Development Branch:

The Export Branch provides leading and innovative export development opportunities and support for companies to enter new markets and grow export sales. Staff assisted companies by providing trade counseling, leading missions, delivering export-readiness training and offering specialized services to new and existing exporters.

New Brunswick companies export goods and services to over 150 countries each year including the United States, European Union, Brazil, China, Turkey and Indonesia.

Financial Assistance to Industry Branch:

This Branch is responsible for administration of the Financial Assistance to Industry Program (FAIP) as well as the Digital Media Development Program (DMDP).

It also manages a portfolio including loans, loan guarantees, equity investments and forgivable loans. As at March 31, 2014 the portfolio consisted of 232 accounts having a book value of \$467 million.

Highlights

- The Trade Branch led and coordinated 7 inbound missions, 42 outbound missions, 7 training events & 2 special events (Export Awards & Innov8 Awards).
- 465 NB companies and industry organizations participated in export missions to be exposed to key markets.
- The expected value of NB company sales contracts from the Trade Branches efforts is \$68M on a \$2M operating budget.
- Growing Global Markets, the department's export strategy, was recognized by Progress Magazine as the winner of the Innovation in Practice Award for being the best economic development strategy in Atlantic Canada.
- Approved Financial Assistance to Industry Program applications amounting to \$62.4 million.
- Worked with Bell Aliant and Dept. of Government Services to establish a new data centre in Saint John.

Local Development

Quick and easy access to provincial funding programs is now even closer to home for New Brunswick's business community. Each of our 12 new offices provides support for pursuing strategic opportunities for capital investment, business start-ups, expansion, diversification, innovation and productivity improvement.

In 2013-14 the Division implemented the government's plan to decentralize decision-making authority and offer greater services to the regions. The Department has 12 offices throughout New Brunswick which includes 5 Districts offices and 7 satellite offices to better serve entrepreneurs in every region of the province.

Forty-three staff members are dedicated to stimulate local economic growth for more prosperous regions.

Highlights

- Since the roll-out of the local delivery model, our five district offices have approval authority for three of the Department's programs: Export Development, Innov8 & NB Growth. Budget allocated to these programs was increased from \$4.1 million to \$7 million and guidelines were enhanced to better respond to today's challenges of the New Brunswick businesses. The number of files approved increased by over 30% over the previous fiscal year and some regions have seen over 50% increase in approved files.
- We have seen the development of a stronger partnership with other funding agencies, a positive flow of information and communication has allowed the economic development officers to enhance client assistance and assist businesses to their full potential. As a result, our district offices are being seen as a strong anchor for many success stories.
- The launch of a supply chain initiative with businesses in the industrial fabrication sector has allowed many New Brunswick companies to become more productive and competitive and build a stronger capacity to compete for major fabrication projects.

Corporate Services and Programs

Corporate Services and Programs Division:

Employs twenty-five people, to provide services to employees of the Department of Economic Development, Regional Development Corporation and Invest NB. The objective of the division is to provide efficient and effective financial management, human resources, information management and technology and program support services.

Financial Services Branch:

The branch is responsible to work with the divisions of the department to develop budgets that meet the requirements of the fiscal framework. The branch provides accounting services, financial advice, process design, control functions and financial reporting services for the department, Provincial Holdings Ltd., New Brunswick Immigrant Investor Fund as well as Regional Development Corporation and the various federal agreements it administers.

Human Resources Branch:

Human Resources branch is responsible to provide human resources services to the department and Invest NB. The branch works with clients to provide recruitment, labour and employee relations services and Official Languages coordination.

Information Management and Technology Branch:

Is responsible for the effective and secure use of information and technology within the department. The branch works closely with clients to develop systems to meet their business needs. The branch also provides ongoing maintenance and support for the business applications.

Program Support Branch:

Program Support Branch is responsible for process designed to support the five District Offices. The branch works with clients to verify all project claims relative to projects approved in District Offices.

Highlights

- Financial Services Branch ensured that the department was under budget by \$1.9 million.
- Human Resources Branch successfully established offices and recruited staff required for ten new sites of delivery.
- Information Management and Technology completed a major upgrade to the system that supports District Office program delivery.

Policy, Strategy and Innovation

This newly aligned area was established in October, 2013 to support strategic visioning and maximize connectivity between economic strategies and program delivery through strategic planning and policy direction. In April 2014, the Division was furthered aligned to manage economic development-related innovation files, and specifically those pertaining to research and development.

A Senior Executive Director leads a staff of 12, including 5 staff who are situated in Economic Development regions throughout the province, and carries the following areas of responsibility:

Strategic Planning and Reporting:

Establishment of Economic Indicators, Tracking and Reporting; Strategic Research; Economic Analysis and Forecasting; Strategic Analysis and Planning (program/service-oriented); Program Evaluation and Enhancement; Support to Regional Economic planning activity; Performance Excellence Development Support.

Policy and Legislative Development:

Legislative and Regulatory Development; Policy Development and Review (Departmental / GNB); Provision of technical and policy advice to program areas; Legislative Coordination; Appointments to Agencies, Boards and Commissions; Responses to Requests under the *Right to Information and Protection of Privacy Act*.

Innovation:

Liaison with the NB Research and Innovation Council; outreach and liaison with the research and development community in the province; management of departmental funding requests relating to Research and Development.

The Division also administered Provincial Holdings Ltd. and led or participated on various Departmental, GNB, and external committees.

Highlights

- Met 'Smart Regs' commitments, reducing obsolete and other clauses in regulation.
- Developed policies to guide activity around emerging sectors and issues, including ICT incubators, automation and robotics, and medical marijuana.
- Introduced operational planning models to improve results tracking
- Led a stakeholder process to generate recommendations for regional economic development planning activities.
- Created a 'home' for innovation within the department, better connecting innovation and economic development objectives.
- Instigated a review of the department's middle management committee, creating a stronger management body providing improved advisory and employee support.

Performance Excellence Branch

Responsible for the performance excellence process in the Department and the implementation of the GNB formal management system.

The performance excellence process is a results-oriented, long-term approach to the way the department manages its business. It uses several best practice methodologies including a strategy map, balanced scorecard, and Lean Six Sigma process improvement.

A departmental Alignment Champion leads a team comprised of division heads and selected senior managers from across the Department for the integration of performance excellence in all Divisions.

Highlights

- Economic Development is part of the 3rd group of departments adopting the GNB formal management system.
- The Department established a Leadership Team, comprised of division heads and selected senior managers to guide the development of the first Departmental strategy map and Balanced Scorecard performance measures for implementation in 2014-15.

Communications Branch

Provide the public and media with timely, accurate, clear, objective and complete information about the department's policies, programs, services and initiatives.

Support the Minister's public event and media response requirements.

Three staff co-ordinate and manage the public information needs of the Department .

Financial Information

Departmental Budget and Expenditure Report by Program Component

Fiscal Year Ending March 31, 2014

	Budget (\$ 000)	Actual (\$ 000)
Administration		
Executive Administration	577	641
Corporate Services	1,695	1,448
Total Administration	2,272	2,088
Business and Trade Development		
Business and Trade Development	2,750	3,071
Financial Assistance to Industry	3,311	1,013
Total Business and Trade Development	6,061	4,084
Local Development	10,000	9,395
Strategic Assistance	9,900	6,663
Regional Development Corporation	73,140	77,197
Total for Department	101,373	99,427

Summary of Staffing Activity

Pursuant to section 4 of the Civil Service Act, the Deputy Minister of the Department of Human Resources delegates staffing to each Deputy Head for their respective departments. Please find below a summary of the staffing activity for 2013-2014 for the Department of Economic Development.

The department advertised 6 competitions, including 3 open (public) competitions and 3 closed (internal) competitions.

Pursuant to section 15 and 16 of the Civil Service Act, the department made the following appointments using other processes to establish merit other than the competitive process:

Appointment type	Appointment description	Section of the <i>Civil Service Act</i>	Number
Specialized Professional, Scientific or Technical	An appointment may be made without competition when a position requires: <ul style="list-style-type: none">• a high degree of expertise and training• a high degree of technical skill• recognized experts in their field	15(1)	0
Equal Employment Opportunity Program	Provides Aboriginals, persons with disabilities and members of a visible minority group with equal access to employment, training and advancement opportunities.	16(1)(a)	0
Department Talent Management Program	Permanent employees identified in corporate and departmental talent pools, who meet the four-point criteria for assessing talent, namely performance, readiness, willingness and criticalness.	16(1)(b)	1
Lateral transfer	The GNB transfer process facilitates the transfer of employees from within Part I, II (School Boards) and III (Hospital Corporations) of the Public Service.	16(1) or 16(1)(c)	2
Regular appointment of casual/temporary	An individual hired on a casual or temporary basis under section 17 may be appointed without competition to a regular properly classified position within the Civil Service.	16(1)(d)(i)	2
Regular appointment of students/apprentices	Summer students, university or community college co-op students or apprentices may be appointed without competition to an entry level position within the Civil Service.	16(1)(d)(ii)	0

Summary of Legislation and Legislative Activity

None Performed

Summary of Official Languages Activities

Introduction	<i>Confirm your Department has developed an Action Plan and that it includes strategic means for each of the four sectors of activity (focus) found in the Government Plan on Official Languages. You can also give a general overview of the current situation in your department; for example, the areas where improvements were made.</i>
Focus 1	Ensure access to service of equal quality in English and French throughout the province: <ul style="list-style-type: none">• What were your objectives / challenges your department wanted to address in 2013-2014? To ensure clients throughout the Province received services in both official languages.• Describe the activities that took place to meet your objectives. Did you meet those objectives?• Positions filled through the competitive process ensuring language requirements were met.
Focus 2	An environment and climate that encourages, for all employees, the use of the official language of their choice in their workplace: <ul style="list-style-type: none">• What were your objectives / challenges your department wanted to address in 2013-2014?<ul style="list-style-type: none">• To ensure employees are aware of language training opportunities.• Describe the activities that took place to meet your objectives. Did you meet those objectives?<ul style="list-style-type: none">• Employees were informed of the new programs available and encouraged to participate.
Focus 3	What strategic means did your department implement in order to ensure that new and revised government programs and policies took into account the realities of the province's official language communities (promotion of official languages)? For example, did you hold public consultations? <ul style="list-style-type: none">• Posted bilingual signs in all regional offices to ensure to ensure the public is aware of services available in both official languages.

Focus 4	<p>Ensure public service employees have a thorough knowledge and understanding of the Official Languages Act, relevant policies, regulations, and the province's obligations with respect to official languages:</p> <ul style="list-style-type: none">• What were your objectives / challenges your department wanted to address in 2013-2014?<ul style="list-style-type: none">• For employees to be more knowledgeable of the Official Languages Act, policies, regulations and obligations.• Describe the activities that took place to meet your objectives. Did you meet those objectives?<ul style="list-style-type: none">• The objective of the organization was to have new and current employees become familiar with the Official Languages Act through an on-line training module which is available to all government employees. Management encouraged all employees to complete the training as a result of this promotion employees indicated in the GNB employee survey results that 98% were knowledgeable of the official languages act.
Conclusion	<p>Describe in a few sentences a success story for the year in question.</p> <ul style="list-style-type: none">• The Department was successful in our recruitment efforts to fill bilingual positions in our regional offices to ensure the Public can receive services in both official languages.

Summary of Recommendations from the Office of the Auditor General

Name and year of audit area with link to online document	Recommendations	
	Total	Adopted
Loan and Allowances (2012) http://www.gnb.ca/oag-bvg/2012v1/agrepe.pdf	3	3
Loan Monitoring (2013) http://www.gnb.ca/oag-bvg/2013v1/agrepe.pdf	1	1
Nortridge Loans System (2013) http://www.gnb.ca/oag-bvg/2013v1/agrepe.pdf	4	4
Department of Finance –Collection of Accounts Receivable (2013) http://www.gnb.ca/oag-bvg/2013v2/agrepe.pdf	1	1
Total	9	9
