

Change and Challenge - A Strategic Economic Plan for Newfoundland and Labrador

Change and Challenge - A Strategic Economic Plan for Newfoundland and Labrador was released in June 1992. The Plan lays down a foundation for economic recovery and diversification through sound, effective and long-term planning. The Plan was not the end of the strategic economic planning process but the beginning. We live in a constantly changing economic environment bringing new challenges and opportunities. The unprecedented shock inflicted on the Newfoundland and Labrador economy by the groundfish crisis is a perfect example of this changing environment. Newfoundlanders and Labradorians, however, can meet those challenges by becoming more outward looking, enterprising, innovative, and better educated. Concurrently, Government has to focus on long-term economic development and planning and establish a climate in which the private sector can assume the lead role in expanding and diversifying the economy. Partnerships between government, business, labour, academia and community groups will be essential in this process.

In October 1994 Government introduced steps to reinforce its commitment to the Plan. Membership on the Plan's Implementation Committee was expanded and its mandate was broadened so that it could assume a more proactive role. A dedicated Secretariat was established to support the work of the Committee, to assist departments with the preparation of Strategic operational plans which would be updated annually for budgetary purposes, and to effectively communicate government's efforts to the public.

In January 1995 Government issued a status report on the implementation of the Plan. The status report coincides with the mid point of the five year time frame which Government originally set to implement the Plan. Generally, Government is pleased with the progress achieved despite the pressures of fiscal restraint and the crisis imposed by the fisheries moratoria. The following sections provide highlights of the implementation phase to date.

Government Operations

The Plan called for a change within governments, i.e., the streamlining of operations, the

elimination of duplication, the provision of a higher quality service to clients and the initiation of an action plan to support economic development. To meet this challenge Government has:

- consolidated and/or streamlined departments;
- established a "one-stop" shop for land use, building, permitting and inspection services;
- initiated a regulatory review process which will result in new legislation repealing all subordinate legislation;
- moved forward on privatizing/outsourcing services;
- initiated action on a new service quality program focusing on the provision of better client services;
- entered into arrangements with the federal government to eliminate or reduce duplication at the federal/provincial level.

Developing an Entrepreneurial Culture

The Strategic Economic Plan called for change within people, specifically, an attitude change, a renewed sense of pride, self-reliance and entrepreneurship. Government is approaching this through:

- changes to the education system by placing more emphasis on mathematics, the sciences, enterprise education, cooperative programs, basic literacy, and by developing better partnerships with private sector organizations and with educational and research institutions;
- the delivery of communications/marketing strategies focusing on new opportunities in which the private sector and the public can assume a lead role;
- the development of a zonal approach to regional economic development and devolving more authority to zonal agencies to permit local regions to develop strategies and programs which are specifically designed to meet their needs.

Establishing the Proper Business Climate

The Strategic Economic Plan states that the private sector must be the engine of growth and that government must create the proper economic and social environment in which to promote competitiveness. Government has undertaken a number of initiatives to respond to the challenge, for example:

- The general corporation tax has been reduced from 17 percent to 14 percent, and the general manufacturing and processing rate from 17 percent to 5 percent.
- A payroll tax relief measure for small business has been implemented.
- New business prospecting and marketing initiatives are being implemented. Included is new legislation to promote economic diversification and growth enterprises (i.e., EDGE legislation) by providing significant tax relief to new and expanding enterprises including a full tax holiday for 10 years in respect of provincial corporate income tax, payroll tax and retail sales tax.
- The elimination of the machinery and equipment factor from Municipal Property Assessment roles will take effect January 1996.
- Amendments have been made to the Mineral Act and Regulations to facilitate and encourage mineral exploration.
- The streamlining and consolidation of government departments and agencies will result in less red tape and accelerate decision-making.
- Initiatives to communicate the importance of a good labour relations climate to economic development, and initiatives to develop better linkages between employers and employees are being implemented.

Some Specific Successes Stemming from the Strategic Economic Plan

During the development of the Plan and throughout the implementation phase, there have been a number of notable accomplishments:

- There is a clearer understanding and working relationship between departments in pursuit of economic development objectives.
- Representatives of the federal, provincial and municipal governments, rural development agencies, community futures groups and business development centers have agreed upon a new approach to regional economic development based on the zonal concept.
- The federal government has responded positively to the Plan and a number of cost-shared agreements have been signed to implement many of the Plan's actions.
- Newfoundland and Labrador has one of the most favourable mining tax regimes in North or South America. This tax regime, in combination with a number of other factors led to an increase in mineral exploration of over 40 percent in 1994. It is estimated that a further 40 percent increase will be realized in 1995.
- Positive results have been realized from an increased emphasis on developing the under-utilized fishery sector and the aquaculture industry.
- The private sector has responded quite favourably to the Plan. There has been significant growth in small business establishment and this should continue as the general economy rebounds and as Government's new policies favouring business formation and expansion take effect.
- Significant progress has been made in the development of primary tourist destination areas such as Marble Mountain, the Terra Nova Park area and the Viking Trail.

This provides a very brief overview of the province's Strategic Economic Plan and the progress which is being made. Additional information can be obtained by calling the Strategic Economic Planning Secretariat at 709-729-0222.

Contributed by:

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Executive Council***