



The Future of Innovation is Now



Library and Archives Canada Cataloguing in Publication Data

BC Innovation Council.

Service plan. - 2008/09 20010/11 -

Annual.

Continues: Innovation and Science Council of British Columbia Service Plan.

ISSN 1718-2654 = Service Plan (BC Innovation Council)

Also available on the Internet.

1. BC Innovation Council - Periodicals.
2. Science and state - British Columbia -- Periodicals.
3. Technology and state - British Columbia -- Periodicals.
 - I. Title.
 - II. Title: BC Innovation Council Service Plan.
 - III. Title: Innovation and Science Council of British Columbia Service Plan.

HC117.B74 354.2'745 C2006-960002-3



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MESSAGE FROM THE CHAIR



Hector MacKay-Dunn, QC
Chair, BC Innovation Council

Dear Minister Coell,

On behalf of the Board of Directors and the employees of BC Innovation Council, I am pleased to present the BC Innovation Council Service Plan for fiscal years 2008/09 to 2010/11.

The BC Innovation Council has been identified by our Provincial Government as the lead organization charged with advancing innovation and commercialization in the province.

It is a privilege to lead the Council, working alongside a strong group of Board members and dedicated staff who all share the enthusiasm needed to deliver on the Government's mandate. I am delighted to guide BCIC along with my fellow Board Members: Greg Aasen, Jock Finlayson, Richard Glickman, Dr. Ken Higginbotham, Greg Kerfoot and Dr. Alan Winter. I am pleased to have five new members join the Board in 2008: Jonathan Burke, Gurval Caer, Don Cozzetto, Doug Horswill and Jill Laversage, each adding valuable knowledge gained through solid personal experience in the innovation community. As a province we are fortunate indeed to be the beneficiaries of their volunteer service.

I am particularly excited about expanding the Council's role as a leader, collaborator and catalyst to accelerate innovation and commercialization across the province. The Council is well positioned to tackle the important and complex challenge of growing British Columbia's knowledge economy and culture of innovation. The future rests on the strong foundation that BCIC is helping to build.

BCIC's work is specifically geared towards three critical areas: Human Resources Talent, Innovation and Commercialization.

Human Resources Talent: There is growing demand for people that have the skills that will grow the knowledge economy. The drive to find the best people in our own education system, as well as abroad, is of paramount importance to the growth and success of the knowledge economy in BC. BCIC has a long list of programs and collaboration initiatives that will help to grow the talent

continuum from high school through colleges and universities to the work place.

Innovation: BCIC works with the University-Industry Liaison Offices (UILOs) across BC to further enhance the model to allow for a greater number of ideas to qualify for commercial success. Further, through the BC Regional Science and Technology Network (BCRSTN) of nine councils, BCIC can reach into every corner of the province to maximize opportunity and access. Finally, cross-pollination between the applied sciences and business programs in the province's institutions as well as BCIC's Innovators' Network will provide easier access to prototype innovative ideas resulting in a greater number of ideas reaching the marketplace.

Commercialization: BCIC is working with industry, institutions and other partners, both in and outside government to maximize awareness and access to innovation that is ready to commercialize. This includes all aspects of preparing an innovator or young company to acquire the strength needed to grow through strong planning, vetting and the raising of awareness among interested parties that may want to participate in a project's commercial success. The focus of the plan is on delivering programs that tackle the three areas identified above. Effectively, the program components and the sector focus deliver critical support to areas where bottlenecks or gaps have been identified. This includes scholarships at various levels and cross-pollination between business and applied science streams. It also includes sector focus in areas where the province either has the beginnings of critical mass and core competency or has already achieved this and is looking to grow in significance on the domestic and international stage.

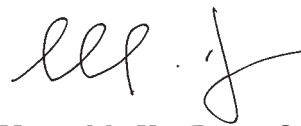
The 2006/7 Service Plan focused on developing the strategy and creating the support infrastructure to deliver programs that have impact and provide support in critical areas. As we move to 2007/8 and beyond, BCIC moves from a planning phase to an execution phase.

The 2008/09–2010/11 Service Plan is prepared in accordance with the Budget Transparency and Accountability Act. The Board is accountable for the contents of the plan including the selection of performance measures and targets. The

plan is consistent with government's strategic priorities and Strategic Plan, including the BC Research and Innovation Strategy. All significant assumptions, policy decisions, and identified risks, as of December 15, 2007 have been considered in preparing the plan.

In closing, I would like to thank the Ministry of Advanced Education, Minister Coell, Deputy Minister Moura Quayle, Assistant Deputy Minister Brent Sauder and the entire ministry team that has made this plan possible.

Yours truly,



Hector MacKay-Dunn, QC,
Chair, BC Innovation Council

ORGANIZATIONAL OVERVIEW

The BC Innovation Council (“the Council”) is a provincial Crown agency operating under the 2006 British Columbia Innovation Council Act. Hector MacKay-Dunn, Q.C., chairs the seven member Council Board, which is responsible to the Honourable Murray Coell, Minister of Advanced Education and the Minister Responsible for Research and Technology. As of November 30, 2007, the Council had a staff of eighteen led by the Vice-President of Innovation Development, Soren Harbel.

Corporate Governance

The Lieutenant Governor in Council, through Order-in-Council, appoints the members of the BC Innovation Council Board, and delegates the role of the Chair. The Board Chair reports to the British Columbia Legislative Assembly through the Minister of Advanced Education, who is also Minister responsible for Research and Technology.

As of November 30, 2007 the Board of Directors has twelve members:

- Hector MacKay-Dunn, Q.C., Chair
- Greg Aasen, Vice-Chair
- Jonathan Burke
- Gurval Caer
- Don Cozzetto
- Jock Finlayson
- Richard Glickman
- Dr. Ken Higginbotham
- Doug Horswill
- Greg Kerfoot
- Jill Laversage
- Dr. Alan Winter

There are currently up to three vacancies.

The Board

- Sets the strategic direction and approves appropriate plans from management;
- Recruits, empowers and monitors the executive management;

- Shepherds and safeguards Council resources, approving major financial decisions, ensuring internal controls are in-place and addressing areas of risk; and
- Measures corporate performance, reporting regularly to the stakeholders to ensure compliance with applicable laws and ethical standards.

Board Committees

- The Audit and Finance Committee helps the Board fulfill its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.
- The Governance and Board Nomination Committee reviews Board policies and practices, ensuring the Council fulfills its legislated mandate, and implements effective due diligence over the Council’s governance.
- The Human Resources and Compensation Committee assists the Board in fulfilling its oversight responsibilities with respect to the Council’s staff policies and practices. At the time of writing the following Board Members are members of the following committees:

Audit and Finance Committee: Jock Finlayson, Dr. Ken Higginbotham

Governance and Board Nomination Committee: Hector MacKay-Dunn, Q.C., Greg Kerfoot, Richard Glickman

Human Resources and Compensation Committee: Dr. Alan Winter, Richard Glickman

Governance Principles

The Council’s Board has adopted the guiding principles outlined in the Province of British Columbia’s Governance Framework for Crown Corporations in establishing a framework from which to operate. These principles include:

- Stewardship, leadership and effective functioning of the Board;
- Clarity of roles and responsibilities;
- Openness, trust and transparency;



ORGANIZATIONAL OVERVIEW

- Service and corporate citizenship;
- Accountability and performance; and
- Value, innovation and continuous improvement.

Governance Disclosure

The Council's governance documents and related disclosure practices are available at www.bcinnovationcouncil.com/resources/publications/corporate_publications.php.

Senior Management Team

The executive management team includes the Chief Executive Officer (currently vacant) and the Vice-President of Innovation Development and the Director of Finance and Administration.

Strategic Context

The Premier of British Columbia has appointed BCIC as the Government's lead organization responsible for advancing innovation and commercialization in the province.

The 10th Premier's Technology Council report has identified BCIC as a key agency in the drive towards a strong knowledge economy.

The Global Connect Report – “Integrating and Enhancing the BC Knowledge Transfer System” – identified BCIC as the best placed organization to “act as an honest, neutral broker to facilitate the active engagement of entrepreneurs, researchers, technology companies, capital providers, service providers and government agencies to build a community that assists in the mobilization of knowledge and the formation and growth of technology-based business opportunities in BC.”

Mandate

BCIC operates under four strategic mandate areas:

- Accelerate commercialization programs for early stage and rapid growth companies to expedite the introduction and create awareness of world-class technology-based products and services to international markets.
- Capitalize and expand technology transfer by getting research results with clear economic potential out of the university laboratory and research institutions and into the commercialization process as quickly and efficiently as possible.
- Partner in the development and promotion of province wide strategy for science, innovation and technology development.
- Build public awareness for science and technology to recognize high achievement of the province's researchers, scientists and technology entrepreneurs and encourage the province's youth to consider pursuing research and technology related careers.

Vision

Facilitate and expedite top-tier innovation and commercialization in British Columbia in partnership with government, industry and institutions.

Mission

Provide catalytic leadership to enhance collaboration across the public sector, private sector and institutions to drive the flow of talent, innovation and commercialization in British Columbia.

BCIC Values

BCIC's values guide its operation:

- **Entrepreneurial**, identifying the needs of its primary market — the research and innovation sector in the province — and ensuring that it carries out market driven activities.
- **Innovative**, pursuing opportunities that ensure its resources are effectively leveraged and sustainable activities are developed.
- **Partner-driven** in its collaboration with other organizations, to leverage and bring added value to programs and activity planning and execution.
- **Accountable** for its activities, ensuring efficient, transparent and fair processes are followed.

At the tactical level, three overarching areas of concentration form the basis for advancing BCIC's major goals of improving the quality and quantity of Human Resources Talent in the Province, improving the volume and quality of innovation and maximizing the opportunity for innovation to be successfully commercialized. In addition to these key measures, BCIC will be monitoring a number of trends and other measures to ensure that long term objectives are met and that reasonable milestones are established and reached. It should be noted that the measures that follow differ from previous years, to better reflect the strength of the programs and deliverables that BCIC has set for itself in 2008/9 and beyond.

Human Resources Talent

Delivering a series of programs to grow the strength of the human resources talent pool in-province from other domestic sources and from outside Canada. This includes enrollment in mathematics and science streams in high schools, through post secondary education and into the workforce. As well, it includes working with our partners on the attraction of key graduates, experienced workers and faculty from other jurisdictions.

1. Human Resources Talent continuum

The number of students at all levels directly impacted through BCIC scholarships and other programs.

A: Secondary: Number of students that are recipients of BCIC led scholarships to enter undergraduate studies:

2007/8	2008/9	2009/10	2010/11
0	300	400	500

B: Post secondary: The number of undergraduate, graduate students and post-graduates or post-doctorates that have been recipients of programs delivered by BCIC directly or jointly with other partners:

2007/8	2008/9	2009/10	2010/11
70	500	600	700

Innovation

Identifying and collaborating with partners to advance ideas and innovation to a platform that builds strong commercialization potential. This includes how the province's UILOs manage and maximize output from their

BCIC GOALS

programs; creating an infrastructure across the province that allows for the development of prototypes; providing the cross-pollination between the faculties of applied science and business to achieve greater opportunities for the development of strong business plans; and the use of virtual boards and mentor networks to further enhance opportunities for future commercial success. The key to this is the ability of the members of the Regional Science and Technology Network to deliver in their respective areas.*

2. Innovation

The number of business plans, prototypes, businesses and individuals that have been supported by BCIC programs:

2007/8	2008/9	2009/10	2010/11
Benchmark at Mar 31/08*	growth 25%	growth 25%	growth 25%

**an actual count will be benchmarked at the end of fiscal with each year expressed as a percentage of growth over the previous year.*

Commercialization

Building a network of Entrepreneurs in Residence at major institutions around BC will assist these institutions in launching products faster. Further, awareness of sectors where BC has capacity and critical mass, and house core strength in key international markets, is a major component of increasing the flow of venture capital and motivating companies to locate and grow in BC. International efforts will focus on the west coast of the United States and the Asia Pacific region, thereby attracting new businesses, investment and financial tools to the BC knowledge economy.

3. Commercialization

The number of companies that have been created and grown where BCIC programs and BCIC-partnered initiatives have had an impact:

2007/8	2008/9	2009/10	2010/11
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Benchmark

at Mar 31/08* growth 20% growth 20% growth 20%

**an actual count will be benchmarked at the end of fiscal with each year expressed as a percentage of growth over the previous year.*

4. Domestic and International awareness of BC's knowledge economy:

The number of activities and exposure generated by BCIC activities, including attraction of key conventions and conferences to BC and working with our partners to grow awareness of BC's knowledge economy:

2007/8	2008/9	2009/10	2010/11
Benchmarking*	20% growth	20% growth	20% growth

**an analysis of applications received for BCIC programs, media coverage, presentations, event participation, regional council activities and website users expressed as a measure of BCIC reach.*

5. Domestic and international partnerships/agreements BCIC initiates or participates in:

The number of domestic and international actions that BCIC develops and participates in and their impact on the BC knowledge economy

2007/8	2008/9	2009/10	2010/11
1	3	4	5

Two additional measures have been created to reflect the climate change imperative:

Climate Action

The number of internal and external programs and their results that are led or initiated by BCIC and its staff:

A: Number of internal climate change initiatives participated in or developed by BCIC and its staff;

2007/8	2008/9	2009/10	2010/11
1	3	6	9

B: Number of external climate change projects adopted or initiated by BCIC that may be suitable for other agencies or business at large;

2007/8	2008/9	2009/10	2010/11
3	3	5	5

The final measure reflects the broad base of support offered the BCIC from industry and other government partners:

CORE BUSINESS AREAS AND MAJOR PROGRAMS

Funding leverage

The amount of leveraging of core funding that BCIC achieves with partners across all levels of government, institutions and industry:

The measure is expressed in a ratio as follows:

2007/8	2008/9	2009/10	2010/11
Actual as at Mar 31, 2008	100:20:30*	100:25:50*	100:30:80*

** measure expressed as \$ of core funding in 2007/8 fiscal year, as index = 100 : \$ from other government partners and agencies thereof, as a percentage of core funding index: \$ from private sector companies, organizations and individuals, as a percentage of core funding index.*

The Council's core business areas and major programs relate to increasing availability of talent, innovation and commercialization.

There are three departments within the BCIC:

- **Sector Development**
- **Programs**
- **Marketing and Communication**

Sector Development

The Council supports the development of technology and research activities throughout the province that create, improve and grow the knowledge economy. At the time of writing this plan, BCIC has four directors responsible for sector collaboration. Sectors covered are:

- **Ocean sciences and energy**
- **Clean technology**
- **Life sciences** – including red (human), white (industrial) and green (agriculture and environment)
- **Creative industries** (digital, music, industrial design and architecture)

As asset maps are developed and other key sectors are identified, BCIC will work with key stakeholders to support those sectors. It should be noted that the Life Sciences and Creative Industries Directors are financially supported in part by the Ministry of Agriculture and Lands and the Ministry of Tourism, Sport and the Arts.

The sector directors are tasked with identifying program opportunities and activities that will grow their respective industry sectors, and will further the recruiting of talent and enhance innovation and commercialization. They work closely with government, industry associations and institutions. They assist in the development of ideas, around which the Programs Department can design specific solutions.

Finally, the Sector Development Department works closely with industry and association partners and foreign jurisdictions to develop international partnerships and strategic alliances. In addition to various federal government

CORE BUSINESS AREAS AND MAJOR PROGRAMS

departments and organizations, partner organizations include PNWER (Pacific North West Economic Region), various institutions in California, Oregon, Washington, Peoples Republic of China and other key partners.

Programs

BCIC designs and manages a significant number of programs that promote growth in the human resources talent pool, promote innovation and increase the opportunity for innovation to get commercialized. BCIC augments its capacity with leveraged funding from the private sector and other government partners to deliver strong programs. The following programs were announced as a bundle in the summer of 2007, with roll-out currently under way.

Key programs include:

- **Scholarships** and fellowships for undergraduate and graduate students, post-doctoral researchers and faculty to increase the human resources talent pool, creating better trained graduates through cross-disciplinary curriculum.
- **Private Sector Talent Program** involves the private sector across all knowledge economy sectors participating financially in: mentoring, university and college admission support, undergraduate and graduate scholarships and co-op terms. Funds raised from the private sector are designed to be matched by both levels of government.
- **Business Plan Award Program** to promote the joint development of commercialization ideas with business plan competitions requiring applied science and engineering students and MBA students to collaborate.
- **Prototype Development Program** will allow BCIC to fund the creation of prototype capacity around the province. Lack of such facilities currently inhibits the creation of commercial opportunities. BCIT's skills in the medical devices area of prototyping are a good example of how this type of program can assist companies and individuals across BC.
- **Business Case Program** creates BC content for our business schools, delivering case studies that are based on BC companies and their successes/challenges.
- **Entrepreneur in Residence Program** provides an environment for serial entrepreneurs to interact with innovation in the institutions, assisting companies and individuals with their vast experience and hands-on support.
- **BC Advanced Sales Institute** provides a dedicated stream in the MBA program aimed at developing hightech sales professionals. This will be complemented by short executive-type, week-long programs and parttime year-long programs designed to fill an identified need for senior sales expertise.
- **International Partnerships Office** helps companies develop business in international markets through research alliances and other collaborations with international jurisdictions. These include the significant agreement with China's Ministry of Science and Technology and, in 2008, will include a partnership with the Medicon Valley in partnership with LifeSciences BC.
- **BC Regional Science, Technology Network** delivers key support to the knowledge economy outside BC's lower mainland.

BCIC also supports the initiatives at a number of BC institutions to advance the commercialization of innovation. These include: The University of British Columbia, Simon Fraser University, University of Victoria, University of Northern British Columbia, Thompson Rivers University and Malaspina University College. Early in 2008, Emily Carr Institute of Art + Design + Media will be added to this list.

Marketing and Communication

Marketing and Communication delivers a number of specific elements that contribute to the success of the overall BCIC mandate. To achieve this, the Marketing and Communication Department works closely with the Programs and Sector Departments to create awareness of

PRINCIPAL PARTNERS, CLIENTS, STAKEHOLDERS AND MARKET

the knowledge economy within BC as well as to promote and market strategic BC opportunities internationally.

- **BC Innovation Council Awards** is the annual flagship event that BCIC stages to celebrate achievement in the innovation and commercialization community.
- **BCIC Innovators' Network** includes a comprehensive database of business leaders, academics and other industry talent that can help the BCIC deliver a long list of services, including the Virtual Board Program, program evaluators, public and high school presenters and speakers, mentors, etc.
- **International event attraction** positions BC on the world map in specific sectors, as the Globe conference has done and continues to do. Globe is an international conference held every two years, and draws participation of top-tier speakers, delegations, companies and institutions to Vancouver. In a similar fashion, BCIC is working to attract two new permanent, world-class conferences to BC.
- **TechTalentBC** partnership with the BCTIA to attract talent from various international jurisdictions, specifically the United States.
- **International awareness** of BC by working with industry associations and partners to participate in pivotal events in key markets around the world.
- **Sector specific events and activities** include funding the participation for students in events like BioPartnering and the 1st annual Wireless Summit.
- **Comprehensive web-based resources** to inform and educate industry and associations of the value of the knowledge economy.

The BC Innovation Council develops and implements many of its initiatives in-house. If specialized expertise is required, it may contract out specific tasks. BCIC frequently enters into partnerships with federal and provincial government agencies, research institutions, industry and regional groups to carry out its activities through sponsorships, contribution agreements and other forms of support. Indeed, the use of partnerships is core to the success of BCIC.

When it comes to managing programs and general activities, BCIC strives to approach innovation sector issues using the BCIC Innovators' Network, maintaining relationships with industry, academic institutions, government, and not-for-profit science and technology organizations.

BCIC could not deliver on its mandate and many programs without the support of a great number of volunteers. While mostly anonymous, they deserve special recognition and our deepest gratitude. They include:

- Scientists and other experts who review proposals, participate in workshops and discussions, and provide expert advice on issues relating to research and scientific merit.
- Representatives from the public service and private research institutions and laboratories who offer their expertise in research, technology transfer and commercialization.
- Prominent BC technology entrepreneurs, who serve on the Board, work on committees and provide advice to new companies.

BCIC is located at the Leading Edge Technology Centre at 1188 West Georgia Street, Vancouver. We are co-located with key industry associations to achieve maximum efficiency in delivery of programs and initiatives (see notes p. 19).

PLANNING CONTEXT AND KEY STRATEGIC ISSUES

BCIC will continue to adjust and finalize programs and their delivery based on the level of funding from government, and based on core government goals and objectives as outlined in the annual *Shareholder's Letter of Expectation*.

Significant Risks and Opportunities

Innovation is widely acknowledged as a major driving force for economic prosperity and the growth of the knowledge economy. There is a natural continuum from early enrollment in mathematics and science in the school system through various post-secondary institutions to the creation of innovative ideas and finally to commercial success. Each stage of this process of developing economic prosperity for British Columbians is supported by BCIC.

BCIC is at the centre of the development of the knowledge economy. The delivery of strong partnerships with industry, government and institutions lead to the delivery of impactful programs. As a result, it leads to overall economic development, created from within and also supplemented with external awareness building and strategic alliances.

While innovation is often primarily associated with the high-tech sector, it occurs throughout the economy. Growing the knowledge economy does not necessarily depend on a particular concept or idea, but rather on the creation of an environment that encourages and enables innovation and in turn its successful commercialization.

The BC Innovation Council is the central agency connecting people, ideas and ultimately commercial success. As a crown corporation, BCIC has vital ties to government policy, yet can be nimble and very specific in a targeted delivery of critical programs. The Council functions in a relatively stable operating environment, allowing its clients to consider BCIC a solid, resourceful and long-term partner.

POTENTIAL IMPACT OF RISKS AND MITIGATION STRATEGIES

BCIC operates on support from its primary funder, the Ministry of Advanced Education. In addition, BCIC is targeting a growing contribution from the private sector, in the form of both financial support and volunteer participation. Further, BCIC will leverage its federal government partners, industry associations and other jurisdictions to continually increase its participation in the growth of the knowledge economy.

With the endorsement of the Premier, the 10th Premier's Technology Council Report, the Global Connect Report and the BC Research and Innovation Strategy, BCIC's plans are ambitious, yet achievable. It is important to recognize that building the knowledge economy is a long-term challenge and opportunity. Partners at all levels of government, institutions and the private sector will have to remain committed, as like seeds turning into a vibrant forest, growth requires a patient process.

The current economic cycle reflects the convergence of a number of key components. These components include strong global markets in mining and mineral exploration, high oil and gas prices, growth of the Asian economies, (which BC is well positioned to prosper from due to its geographic location and diverse population base), and finally, the economic injection provided by the 2010 Olympic and Paralympic Winter Games that will raise awareness of BC around the world as a place to visit, live and do business. This period of surplus and unprecedented prosperity is the foundation for strong investment in the knowledge economy which will be key to sustaining the economy in the event of a commodity downturn or other economic calamity.

Internal Operating Issues

To pursue the ambitious growth strategy presented earlier this year, which anticipates a five-to-ten-fold increase in activity over the next three years, BCIC must expand its organization and funding. Such expansion presents certain risks. BCIC will manage these risks as outlined in the following sections.

The Council's Service Plan presents a financial forecast consistent with previous years to comply with the Crown

PERFORMANCE MANAGEMENT SYSTEM

Corporation Service Plan Guidelines. However, over the next three years, the Council will be seeking additional financial support. To be successful, BCIC must be seen as a significant partner and needs to deliver value to all its stakeholders and to serve in the capacity outlined in the various reports, such as 10th Premier's Technology Council Report.

As BCIC operates interdependently with partners, collaborators and other organizations, changes within any of these organizations may impact BCIC's initiatives. To reduce such risks, BCIC follows established rules of conduct when entering into agreements with external organizations.

This Service Plan calls for an expansion of human resources at BCIC to manage new initiatives and activities. This includes recruitment and retention strategies to keep existing experienced staff and attract strong external candidates as opportunities are identified. In what has become a seller's market, the constant review of performance, compensation, employee development, and a balanced work-life environment are key to recruiting and retaining a knowledgeable and accomplished group of employees at BCIC.

BCIC will continue to work closely with the Ministry of Advanced Education and other funding partners to maintain a clear understanding of future projections and will align capacity and programs in accordance with funding levels.

Key Strategic Issues

To meet identified needs in the education through commercialization continuum, BCIC will continue to develop programs that are suitable within existing government policies.

To help expand the R&D investment level in the province, as well as BC's research, development and production capabilities, BCIC will review and develop options that maintain a market-based approach. This will include leveraging as a condition of funding. New initiatives will help balance various community needs and policy considerations.

The BC Innovation Council's performance management system is designed to provide efficient and practical measurement of its progress in attaining the stated objectives. A strong set of tracking measures has been implemented at BCIC. As the success of many deliverables are a direct result of collaboration with appropriate parties, it would not be appropriate for BCIC to claim success for itself. Our partners in government, industry and the province's institutions, as well as our international partners, all work together to deliver a strong knowledge economy. Performance measures will be collected and maintained in-house and reviewed quarterly, or as new data becomes available throughout the year. In cases where the Council supports initiatives implemented by other organizations, the Council will request that appropriate records be maintained and reported back as a condition of support. The measurements chosen are quantifiable and will measure at the implementation level, rather than the strategic level. This ensures that when targets are met, the objectives and strategies will have been achieved.

The Council's core operations and activities are funded by the Province through the Ministry of Advanced Education and the Ministry responsible for Research and Technology. BCIC leverages these funds to secure from other sources additional funds for projects, programs and initiatives. The other sources may include organizations within the federal and provincial governments as well as private, public and non-profit science and technology organizations that require the Council's expertise through contract services.

Key Forecast Assumption

The forecast revenues are presented under current government financial requirements guidelines. It is anticipated that a significant increase of funds is necessary to align expenditures to the level of activity corresponding to the goals outlined in this Service Plan. While funding is secure for 2008/9 and partly for 2009/10, there is a significant shortfall beyond the middle of 2009/10. If program delivery is to continue at the pace set in the plans for 2008/9, considerable investment is needed to ensure that any shortfall is eliminated in a timely fashion and program delivery can continue uninterrupted. "Surplus & Deferred Revenue" are funds accumulated from past years that were not spent and have been directed to future programs.

The Natural Resources and Applied Sciences Endowment Fund, which is held in trust by BCIC, is external to the Council's normal operations. It is presented as a separate operating segment and its revenues appear in a separate summary chart.

Forecast Risks and Sensitivities

The Council is dependent on the Ministry of Advanced Education as its principal revenue source. Revenues from all program funders depend on those funders' activities and plans.

Net Deficit of Revenue over Expense is fully covered by excess money that the Council currently carries, and presents no risk with regard to the solvency of the organization.

SUMMARY FINANCIAL OUTLOOK

Presented in Thousands	Actual 2006/2007	Forecast 2007/2008	Budget 2008/2009	Forecast 2009/2010	Forecast 2010/2011
Operating Revenues					
Ministry of AVED (1)					
Base	1,661	3,308	3,308	3,308	3,308
S & T	2,784	2,964	2,964	1,964	1,964
Other	82	140	140		
Other Program Funding		3,000	3,000		
	4,527	9,412	9,412	5,272	5,272
External Program Funding	1,417	420	420	420	420
Interest	626	648	387	168	93
Total Operating Revenues	6,570	10,480	10,219	5,860	5,785
Operating Expenses					
Programs and Initiatives	3,655	13,779	13,080	8,185	2,857
Operating/General & Admin	522	947	947	807	807
Rent	160	152	152	152	152
Salaries and Benefits	1,119	1,569	1,569	1,569	1,569
Other	610	400	400	400	400
Total Operating Expenses	6,066	16,847	16,148	11,113	5,785
Net (Deficit) Revenue over Expense	504	(6,367)	(5,929)	(5,253)	-
Surplus & Deferred Revenue	17,549	11,182	5,253	-	-
Retained Earnings	-	-	-	-	-
FTE #	13	20	20	20	20
Capital Expenditures	-	-	-	-	-

	Actual 2006/2007	Forecast 2007/2008	Budget 2008/2009	Forecast 2009/2010	Forecast 2010/2011
NRAS Endowment Fund	50,000				
Interest on principal	2,059	2,000	2,000	2,000	2,000

Notes:

Note 1: Actual 2006/2007 revenues in this chart reflect BCIC's audited financial statements which are prepared on the deferral basis. The actual base funding received in 06/07 was \$3,287,000 and an additional \$1,000,000 was received for other program funding. See notes 7 and 8 in the audited financial statements.

BCRSTN – BC Regional Science and Technology Network

The BC Regional Science & Technology Network (BCRSTN) is a not-for-profit society, funded by the BCIC, whose members work within their regions to enhance the application of science and technology to aid the growth and development of innovative businesses in regional BC. The members of the BCRSTN have a longstanding record of success in building the technology sector outside the Lower Mainland and work with over 30% of the technology companies residing in BC.

Nine Regional Science Councils serve broad geographic regions from offices located in:

Nanaimo	Mid-Island Science, Technology & Innovation Centre
Kamloops	Interior Science & Innovation Centre
Kelowna	Okanagan Science & Technology Centre
Rossland	Kootenay Association for Science & Technology
Cranbrook	Kootenay Region Innovation Centre
Terrace	Northwest Science & Innovation Society
Prince George	Innovation Resource Centre
Victoria	VIATeC
Fort St John	Sci-Tech North

