

**Ministry of Small Business, Technology
and Economic Development**

**2009/10 – 2011/12
SERVICE PLAN UPDATE**

September 2009



The Best Place on Earth

For more information on the British Columbia
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Message from the Minister and Accountability Statement



British Columbia's unprecedented growth of economy since 2001 is benefiting our province now during these uncertain economic times. Our economy has outperformed Canada's every year since 2003. Our Major Projects Inventory of all construction projects has shown increases in 21 consecutive quarters. High-technology revenues have broken records six years running.

The Ministry remains committed to partnering with British Columbia's small business community and the Small Business Roundtable, to make British Columbia the most small business friendly jurisdiction in Canada. Looking ahead, the Ministry will be leading *Straightforward BC: Regulation, Clear and Simple*, a government-wide approach to regulatory requirements encouraging prosperity, innovation and opportunity. Since 2001, government has reduced provincial regulations by over 42 per cent.

Research and innovation continue to shape British Columbia's economic development. The Ministry's responsibilities include overseeing the British Columbia Knowledge Development Fund contributions to research organizations, internship funding for graduate students, the Premier's Technology Council, and the B.C. Innovation Council. The Ministry will also ensure research investments across government align with the goals of the B.C. Research and Innovation Strategy.

We are committed to building our reputation as a leader in the development of sustainable environmental technologies and alternative energy. The Innovative Clean Energy Fund accelerates commercialization of clean energy technologies to make them available to British Columbians and the rest of the world, and supports the government's Climate Action Plan.

We will continue diversifying our markets, which has helped put us in a better position than almost any other jurisdiction in North America during the economic downturn. As part of the Asia Pacific Initiative, we opened trade and investment offices in Beijing, Guangzhou and Bangalore. Along with existing offices in Tokyo, Seoul and Shanghai this brings our total to six offices in Asia. In addition to our two representatives in Europe and one in the United States, the Ministry is also examining future representative locations in emerging markets that are of interest to B.C. companies. The Asia-Pacific Business Centre that commenced its first full year of operations in April 2009 in Vancouver will act as a hub to facilitate trade and investment opportunities.

Our Trade, Investment and Labour Mobility Agreement with Alberta serves as an inspiration for full labour mobility and freer trade on the national level. As the 2010 Olympic and Paralympic Winter Games approach, we are capitalizing on their economic potential for British Columbia and showcasing B.C. as an ideal location to invest, do business, work, study, live and visit.

The *Ministry of Small Business, Technology and Economic Development 2009/10 - 2011/12 Service Plan Update* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared.



Honourable Iain Black

Minister of Small Business, Technology and Economic Development

August 24, 2009

Table of Contents

| | |
|---|-----------|
| Message from the Minister and Accountability Statement | 3 |
| Purpose of the Ministry | 6 |
| Strategic Context | 7 |
| Goals, Objectives, Strategies and Performance Measures | 9 |
| Resource Summary | 18 |
| Resource Summary Table | 18 |
| Leading Edge Endowment Fund | 20 |
| Ministry Contact Information | 23 |
| Hyperlinks to Additional Information | 24 |

Purpose of the Ministry

The Ministry of Small Business, Technology and Economic Development helps to build a strong provincial economy that maximizes opportunities and small business growth throughout the province. The Ministry facilitates economic growth, wealth and job creation, and diversification of provincial and regional economies. The Ministry is committed to working with First Nations communities, Aboriginal people, local communities and regions as well as small businesses, industry, educational and non-governmental organizations.

Small business is a significant driver of British Columbia's economic growth and is vital to the province's economic success. The Ministry supports a business climate where small business can prosper and improve the province's competitiveness as a place to visit, live, work, invest and do business. The Ministry works with other ministries, partners, the small business community, and the private sector to identify and address economic competitiveness issues and make B.C. the most small business friendly jurisdiction in Canada.

The Ministry's activities include marketing and promoting British Columbia to expand trade and investment opportunities and increase sales and exports of goods and services. The Ministry contributes to sustaining economic growth throughout the province by removing barriers to trade, investment and labour mobility; diversifying the economy; and encouraging the development and adoption of clean and renewable technology. The Ministry is also responsible for ensuring the economic benefits of the Province's financial investments associated with hosting the 2010 Olympic and Paralympic Winter Games are maximized.

The Ministry provides funding for research, innovation and technology to diversify the economy away from traditional commodity sectors to high-growth high-opportunity sectors and to fuel sustained economic growth throughout the Province. The Ministry's responsibilities include: oversight of funding through the British Columbia Knowledge Development Fund contributions to research organizations; internship funding for graduate students; the Premier's Technology Council; the British Columbia Innovation Council and the BC Immigrant Investment Fund. The Ministry also ensures alignment with the objectives of the B.C. Research and Innovation Strategy.

The Ministry is also responsible for leading the way to the province's low-carbon economy. With our groundbreaking research, strong collaborative leadership and competitive business climate, B.C. is a world-class locale for the production of clean and green technologies. B.C. is emerging as a global leader in sustainable development, environmental technologies and innovative energy management.

The Ministry is also responsible for identifying and advancing British Columbia's priorities to the federal government in negotiations of international trade agreements, including the anticipated Canada-European Union Economic Partnership. The Ministry is directly responsible for the Asia Pacific Initiative, a government and province-wide strategy released in April 2007. This initiative ensures B.C.'s efforts are strategically oriented toward the economic, social and cultural opportunities represented by the Asia-Pacific region. The Ministry is taking both leadership and supporting roles in ensuring this significant undertaking is successful in achieving the greatest possible growth in trade and investment for the province.

Strategic Context

Key Opportunities

Small Business Environment: Provincial tax legislation and policy, and the regulatory environment contribute to the competitiveness of the province's investment climate and its ability to attract and retain small businesses. The Ministry will continue collaborating with other ministries and levels of government delivering programs and services impacting the small business community to implement initiatives that support the success of the small business sector.

Knowledge-based Industries: Research, innovation and technology development are key drivers of productivity and economic competitiveness, which lead to increased trade and economic diversification as industries move up the value chain and our economy and society become more knowledge-based.

Asia-Pacific: British Columbia is Canada's gateway to the growing economies in the Asia-Pacific region. Establishing B.C. as the pre-eminent trade and cultural hub between Asia and North America will ensure all British Columbians benefit from our enhanced relationship with and proximity to the Asia-Pacific. Asia's dramatic demographic changes have created a demand for not only our traditional resource products, but also new products and services, such as urban infrastructure design, planning and development; engineering; clean energy; health care; tourism; and technology – all areas where British Columbia has expertise and competitive advantages.

Economic: Global financial market conditions are affecting economic performance in B.C. Greater diversification over the past several years into export markets, such as China and South Korea will help to minimize the effects of the U.S. recession; there is considerable opportunity for B.C. to gain a greater share of the Asian market from a commodity based perspective. Within B.C., a softer housing market will be counteracted by continued non-residential investments.

Labour Market and Trade: Implementation of provincial initiatives aimed at trade, investment and labour markets, the workforce and the economy will advance the growth of skilled, diversified and well-paying jobs for British Columbians. The province is well positioned to welcome workers from all Canadian jurisdictions needed both for economic growth and to replace older workers who are retiring.

New Relationship: The Province recognizes that B.C.'s full potential will only be realized when Aboriginal people participate fully in the social and economic life of the province. The Ministry is working with First Nations leaders, First Nations communities, the Métis Nation of British Columbia and other Aboriginal organizations to increase economic opportunities and the participation of Aboriginal people in local, regional and provincial economies.

2010 Olympic and Paralympic Winter Games: The 2010 Olympic and Paralympic Winter Games create the opportunity for unparalleled international exposure for B.C. and will open up new opportunities for investment and business development.

Key Challenges

Productivity: A key factor to improving living standards is increasing productivity, generally measured by output per worker, per hour. Improvements in productivity are necessary to fuel further economic growth and raise B.C.'s standard of living. Investments in research, innovation and technology development, key drivers of productivity and economic competitiveness, will ultimately lead to increased trade as our economy and society become more knowledge-based.

Export Growth Strongly Rooted in Resource Industries: Goods represent nearly 80 per cent of B.C. exports to other countries and 48 per cent of exports to other provinces. Growth in export diversity, particularly the strengthening service sector, will help balance the strong cyclical forces common in goods industries.

Skill Shortages and Demographics: British Columbia's businesses will face a major challenge replacing the skilled workers expected to retire over the next two decades. Business and industry will have to tap into all sources of workers to meet their labour force needs. Analysis shows this will leave B.C. employers short of workers, requiring a new focus on attracting and retaining skilled immigrants to British Columbia. Immigration is a key source of new labour force growth in B.C. and will continue to be for the next decade. Reducing barriers to labour mobility within Canada will further ensure workers have access to B.C.'s labour market.

Economic Outlook: The private sector now expects that B.C. will experience negative growth in 2009 and positive growth in 2010. Risks to B.C.'s economic outlook include a prolonged U.S. recession, continued turmoil in global financial markets, slower global demand for B.C. products, volatile commodity prices and further moderation of domestic demand in B.C.

Access to Venture Capital: B.C. traditionally has not had access to the level of venture capital that reflects our potential for growth. Attracting additional investment is essential to creating a mature

Managing staffing costs has always been one of the prime considerations in maintaining overall government affordability, and since 2001 this government has been diligent in reviewing staff spending each year. This is particularly true in these current economic times. All governments are in the similar position of having to balance spending and service levels against revenues that have declined over the past year in this extraordinary fiscal climate.

Staffing costs can be managed through removal of unfilled positions, retirements, staff efficiencies gained through coordination and collaboration across government, administrative program changes and, if necessary, a reduction in the staffing budget. In the 2010/11 budget, we will be managing staffing costs in the context of the current economic climate, examining all opportunities to continue to reduce these costs where possible. In the 2009/10 budget every effort has been made to preserve high staffing levels for frontline services.

In future years, government will continue to review its staffing budget to ensure those resources are allocated prudently, efficiently and towards government's key priorities.

venture capital market in British Columbia. This in turn ensures that companies can grow in B.C. and the benefit of that growth remains in B.C.

Climate Change Adaptation: Pine forests dominate the landscape of British Columbia's interior and support the economies of many communities. Projections indicate the mountain pine beetle infestation could kill the majority of the pine forest in British Columbia by 2013. Reinventing the economies of these communities in time to adapt represents a critical challenge.

Goals, Objectives, Strategies and Performance Measures

Goal 1: Canada's Pacific Gateway, British Columbia, is recognized globally as a preferred place to visit, live, work, invest, and do business

Objective 1.1: Enable the province's residents and businesses to take advantage of increasing international and domestic trade by enhancing B.C.'s economic competitiveness

Strategies

- Reduce barriers to labour mobility for skilled workers and professionals to ensure the province's economic success is not hindered by workforce shortages resulting from an aging population and global competitiveness for skilled workers.
- Advance B.C.'s priorities in the federal government's international trade negotiations, such as the anticipated Canada-European Union Economic Partnership.
- Strengthen internal trade across Canada through successful implementation of changes to the Agreement on Internal Trade.
- Fully implement the B.C.-Alberta Trade, Investment and Labour Mobility Agreement to build more open and competitive markets for the benefit of all consumers, workers, businesses and investors.
- Build on the success of the B.C.-Alberta agreement and implement amendments to Chapter 7 of the Agreement on Internal Trade allowing freer movement on skilled workers and professionals in Canada.
- Streamline regulatory differences between the province and key trading partners.
- Create a business climate where small business prospers.
- Reduce regulatory burden by decreasing overall regulatory requirements and streamlining access to government programs, services and processes.
- Continue improving the regulatory climate through *Straightforward BC* to attract new investment and enhance economic competitiveness.

Objective 1.2: Increase trade with and investment in B.C.

Strategies

- Increase the amount of venture capital available to B.C. businesses.
- Promote investment opportunities in B.C. with Asia, the U.S. and European investors.
- Increase foreign direct investment attraction activities and promotion initiatives to facilitate greater participation of B.C. businesses in key markets.
- Enhance close commercial connections with Asia, the U.S. and Europe to stimulate innovation and drive productivity and economic growth in B.C.
- Increase activities to attract headquarters and operations of financial institutions to Vancouver.
- Strengthen key relationships by promoting the province's competitive advantages and increase trade and investments in high-growth high-opportunity sectors.
- Build on B.C.'s reputation as a global leader in regulatory reform, balancing responsibility with innovation.

Vancouver International Financial Centre

The financial services sector continues to be one of the fastest growing sectors in British Columbia. A strategy is under development to establish Vancouver as a leading international financial centre and key link in the financial marketplace for emergent trade between Asia and North America. The Province will: endeavor to attract domestic and international financial institutions to Vancouver over the next two years; expand the services of Export Development Canada in British Columbia; increase Vancouver's identity as Canada's Pacific global financial centre by raising the city's ranking to the top 25 in the Global Financial Centres Index by 2012.

Performance Measure 1: Percentage of Canada’s venture capital invested in B.C. and the amount of foreign venture capital invested

| Performance Measure | Benchmark | 2008/09 Actual | 2009/10 Target | 2010/11 Target | 2011/12 Target |
|---|------------------|----------------|----------------|----------------|---------------------|
| Total venture capital invested in B.C. | \$225M | \$259M | \$260M | \$273M | \$280M ⁴ |
| The amount of foreign venture capital invested in B.C. ^{1,2} | \$70M or 30% | \$108M or 42% | \$84M or 33% | \$90M or 33% | \$95M or 33% |
| B.C.’s share of Canada’s total venture capital investment | 12% ³ | 19% | 13.5% | 14% | 14% |

¹ British Columbia competes with other provinces for venture capital. The appropriate level of foreign venture capital for investment in B.C. is currently being determined through consultation with stakeholders during the development of a Provincial technology strategy. The level of 30 per cent of annual supply is the current target to be maintained. This figure is subject to change pending the outcome of the consultation process.

² Data Source: Thomas Venture Economics.

³ Total value of venture capital investment in B.C., and also expressed as a percentage of Canadian venture capital dollars invested in B.C. (2005).

⁴ Due to the 10-year horizon for the B.C. Renaissance Capital Fund, the appropriate adjustments to targets will be made to account for the fund’s investments toward the overall venture capital investment in B.C. by 2010/11. The B.C. Immigrant Investment Fund Ltd.’s service plan reports on the B.C. Renaissance Capital Fund in more detail.

Discussion

Considered an important catalyst for attracting foreign venture capital, quality local venture capital encourages the growth of entrepreneurial firms in existing and emerging sectors. This measure indicates the impact of trade and foreign investment on B.C.’s economic performance by contributing to job creation, capital investment, innovation and productivity, which in turn support economic growth.

Entrepreneurship and innovation are vital to economic growth and will increase British Columbia’s productivity, wealth creation and facilitate a rise in the standard of living. Foreign capital investment levels reflect confidence in the creative energy of British Columbia’s entrepreneurial leaders. A rising level of foreign investment indicates the global marketplace regards B.C.’s companies and sectors as healthy and strong.

Objective 1.3: Promote B.C. products and services in priority markets

Strategies

- Promote greater awareness of British Columbia as Canada’s Pacific Gateway in multiple languages through a variety of promotional mechanisms.
- Showcase B.C.’s products and services using out-bound trade missions, ministerial missions and sectoral trade shows to increase trade and investment in British Columbia.

- Welcome Asia-Pacific business delegations and trade missions bringing economic prospects to explore trade and investment opportunities in B.C.
- Maximize international marketing opportunities afforded by the 2010 Olympic and Paralympic Games for B.C. starting with Beijing in 2008 and ending with London in 2012.
- Establish the multilingual Asia-Pacific Business Centre at Robson Square in Vancouver as a hub for business activity and industry-driven programs.

Asia-Pacific Business Centre at Robson Square

The Asia-Pacific Business Centre will be the first point of contact for clients seeking strategic market intelligence, referrals and information on doing business in Asia. Asia-Pacific country market specialists will connect incoming Asian investors and business people to opportunities throughout British Columbia. The Centre will also provide space for meetings and workshops.



Performance Measure 2: Value of trade with Asia-Pacific

| Performance Measure | 2008/09 Forecast | 2009/10 Target | 2010/11 Target |
|---|------------------|----------------|----------------|
| Value (\$) of incremental trade by B.C. companies with the Asia-Pacific | \$75 million | \$125 million | \$150 million |

Discussion

This indicator measures the impact of the Ministry’s activities on trade, one of three major economic goals identified in the Asia Pacific Initiative, and reflects the cumulative efforts of the entire Ministry. The trade indicator includes imports and exports of goods and services. Other cross government Asia Pacific Initiative activities – e.g., infrastructure investments in ports and airports – will play a key role in helping B.C. achieve the economic targets.

Objective 1.4: Make B.C. the most small business friendly jurisdiction in Canada and enable small business to prosper

Strategies

- Highlight and celebrate the contribution of B.C.'s 380,000 small businesses to the provincial economy and communities.
- Maintain and build partnerships with federal and municipal governments and key organizations to leverage resources offering services, products and tools to entrepreneurs.
- Continue to reduce the regulatory burden on B.C.'s small businesses.
- Support the Small Business Roundtable.
- Support ongoing dialogue with small business owners through consultations in all regions of the province.
- Implement the Action Plan for Small Business to address small business concerns and support small business startup and growth.
- Raise the profile of small business opportunities.
- Implement BizPaL in B.C. communities to make it easier to access business license and permitting information.
- Support development of a small business climate action strategy.

The Economic Impact of Small Business:

In 2007 in British Columbia, Small business accounted for:

379,700 businesses or 98 per cent of all businesses;

1,048,000 people or 56 per cent of private sector employment, the highest rate in the country;

33 per cent of the province's Gross Domestic Product, the highest rate in the country; and,

\$12.2 billion worth of merchandise or almost 37 per cent of the total value of goods exported to international destinations from the province in 2006.

Source: Small Business Profile 2008

Performance Measure 3: Availability of BizPaL to communities

| Performance Measure | 2008/09 Actual | 2009/10 Target | 2010/11 Target | 2011/12 Target |
|---------------------------------------|--------------------------|--|--|--|
| Availability of BizPaL to communities | 75 of 157 municipalities | 160 of 160 Municipalities ¹ | 188 of 188 municipalities and regional districts | 188 of 188 municipalities and regional districts |

Data Source: Ministry of Small Business, Technology and Economic Development; Small Business, Research & Competitiveness Division.

¹ Three new local governments were incorporated in 2008/2009 increasing the total number of communities from 157 to 160 and changing the denominator of the baseline by 1.88%.

Discussion

The Small Business Roundtable's October 2006 report recommended B.C. work with other levels of government to implement BizPaL, an online service allowing businesses to identify all federal, provincial, and local government permits and business license requirements for a specific business activity and location. BizPaL reduces the time and cost for entrepreneurs starting or expanding a small business. The BizPaL Implementation Plan calls for BizPaL to be available in all municipalities by March 31, 2010, and then expanded to Regional Districts in 2010/2011.

Goal 2: Capitalize on investments in research and innovation in BC-based technology industries

Objective 2.1 Continue investing in innovation and research activity at B.C.'s universities, institutions, and businesses

Strategies

- Accelerate the development of new energy technologies with the potential to solve real, everyday energy and environmental issues and create significant economic benefits for all British Columbians.
- Invest, through the Innovative Clean Energy Fund, in solutions to existing B.C. problems that can help commercialize innovative new technologies and make them available to the rest of the world.
- Lead B.C. to a low-carbon economy.
- Oversee funding through the British Columbia Knowledge Development Fund and contributions to research organizations.
- Fund scholarships and internship funding for graduate students.
- Support the Premier's Technology Council and the British Columbia Innovation Council.
- Ensure alignment with the objectives of the B.C. Research and Innovation Strategy.
- Promote and support sustainable development of environmental technologies and innovative energy management.
- Increase innovation in the approach to regulatory reform through *Straightforward BC*.
- Address regulatory barriers that impede the use and application of current and emerging technologies in addressing environmental issues.

Performance Measure 4: Researchers in B.C. Workforce

| Performance Measure | 2005 Benchmark | 2008/09 Forecast | 2009/10 Target | 2010/11 Target | 2011/12 Target |
|--|----------------|------------------|----------------|----------------|----------------|
| Researchers in B.C. workforce per 100,000 population | 503 | 520 | 530 | 540 | 550 |

Data Source: Science Statistics: Research and Development Personnel in Canada, 1997 to 2006
 Statistics Canada, Catalogue no. 88-001-X.

Discussion

The number of people engaged in research helps determine the volume of scientific and technical discoveries that result in patent applications, the birth of new firms or the growth of existing firms, the creation of jobs and ultimately the growth of the provincial economy. Researchers are attracted to jurisdictions with high volume results-producing research activity. The number of researchers in the workforce as a proportion of the population is an indicator of the province’s ability to attract and retain research and innovation capacity and to add new knowledge and value to production processes. The 2008/09 forecast is equal to 22,232 researchers, and targeted increases are the equivalent of 440 researchers per year.

Performance Measure 5: Innovative Clean Energy Fund leveraging

| Performance Measure | 2007/08 Benchmark | 2008/09 Forecast | 2009/10 Target | 2010/11 Target | 2011/12 Target |
|---------------------------|-------------------|------------------|----------------|----------------|----------------|
| Investment leverage ratio | 3:1 | 3:1 | 3:1 | 3:1 | 3:1 |

Data Source: calculation based on investment trends from Thomson Reuters.

Discussion

The \$25 million Innovative Clean Energy Fund accelerates the development of new energy technologies that have the potential to solve real, everyday energy and environmental issues and create significant socio-economic benefits for all British Columbians. The ongoing target is to optimize government’s investment in clean energy technologies by encouraging project proponents to form partnerships that use the Innovative Clean Energy Fund to leverage other sources of public and private sector funding. The baseline commonly used within clean technology programs is a leveraging factor of \$3 for every \$1 of program investment.

Objective 2.2: Make B.C. a global leader in regulatory reform

Strategies

- Through *Straightforward BC: Regulation, Clear and Simple* build a straightforward and efficient regulatory system in B.C., encouraging economic opportunities, innovation and prosperity while protecting public safety, health and the environment.
- Reduce regulatory reform burden on small business and streamline access to government programs, services and processes.
- Balance responsibility with innovation in regulatory reform.
- Lead initiative to build capacity within the public service for regulatory reform.
- Monitor regulatory reform progress across government and report publicly.
- Identify innovative regulatory initiatives and partner with other levels of government to advance regulatory reform and to reduce costly duplication and encourage small business growth.
- Continue improving the regulatory climate to attract new investment and build economic competitiveness.
- Transform the way government does business by using best practices to develop regulatory requirements and continuously streamline business processes.
- Develop a regulatory environment that encourages the growth of clean technology options in collaboration with other B.C. ministries.
- Develop awareness of stakeholder challenges and regulatory barriers to emerging clean technologies.

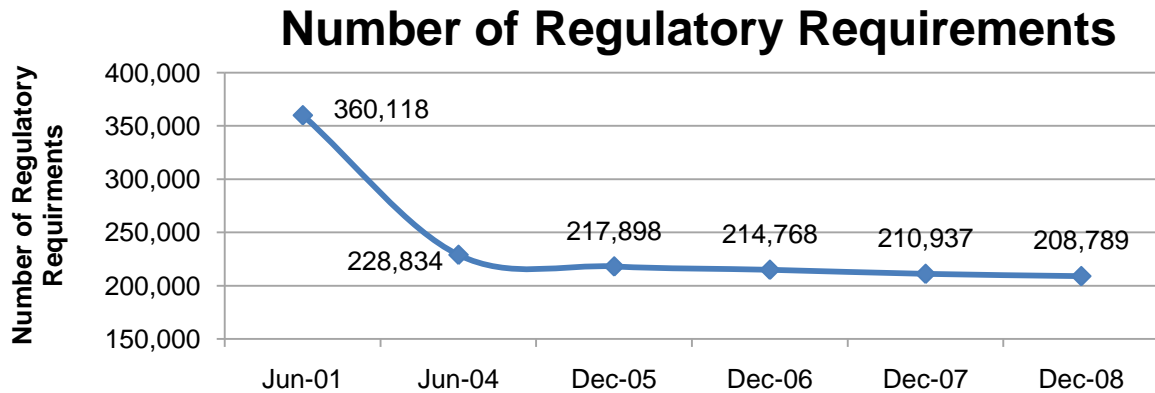
Performance Measure 6: Number of government-wide regulatory requirements

| Performance Measure | 2004/05 Baseline ¹ | 2008/09 Actual ² | 2009/10 Target | 2010/11 Target | 2011/12 Target |
|---|-------------------------------|--|---|---|---|
| Number of government-wide regulatory requirements | 360,118 | 208,576 -8.85% net decrease over baseline | 0.0% net increase over 2004/05 baseline | 0.0% net increase over 2004/05 baseline | 0.0% net increase over 2004/05 baseline |

Data Source: Ministry of Small Business, Technology and Economic Development business information systems.

¹ As of June 2004.

² As of March 2009.



Discussion

The Ministry tracks the number of regulatory requirements across government to determine the regulatory burden on British Columbians. *Straightforward BC: Regulation, Clear and Simple* leads a government-wide initiative that includes an emphasis on improving government service delivery. Ministries and agencies are expected to maintain their June 2004 regulatory achievements, with a target of a zero net increase in government-wide regulations to 2012. Government's Regulatory Reform Initiative was implemented in June 2001 and resulted in a 36.5 per cent decrease in regulations by June 2004 (131,284 reduction in regulations). The targets reflect government's commitment to diligently maintain the achievements realized in the first six years of the Regulatory Reform Initiative.

Resource Summary

Resource Summary Table

Full Time Equivalents (FTE) numbers for each Ministry are currently being reviewed across government and therefore are not reported in this Service Plan Update. FTEs are routinely reported in the Public Accounts and more detailed information will now be publicly reported in a new Annual Report on the Corporate HR Plan, released each Fall. For more information, see the Budget and Fiscal Plan documentation.

| Core Business Areas | 2008/09 Restated Estimates ¹ | 2009/10 Estimates ² | 2010/11 Plan | 2011/12 Plan |
|---|---|--------------------------------|---------------|---------------|
| Operating Expenses (\$000) | | | | |
| Asia Pacific, Trade and Investment | 16,179 | 11,953 | 20,343 | 20,014 |
| Small Business, Research and Competitiveness | 21,966 | 17,263 | 18,349 | 18,143 |
| Executive and Support Services | 12,425 | 14,614 | 14,427 | 14,318 |
| ICE Fund Special Account | 17,400 | 25,000 | 25,000 | 25,000 |
| Total | 67,970 | 68,830 | 78,119 | 77,475 |

¹ These amounts have been restated, for comparative purposes only, to be consistent with the presentation of the upcoming 2009/10 Update Estimates. Schedule A of the 2009/10 Update Estimates presents a detailed reconciliation.

² The 2009/10 Estimates amounts have been updated from those presented in the February 2009 Estimates.

| Core Business Areas | 2008/09 Restated Estimates | 2009/10 Estimates | 2010/11 Plan | 2011/12 Plan |
|--|----------------------------|-------------------|--------------|--------------|
| Capital Expenditures (\$000) | | | | |
| Asia Pacific, Trade and Investment | 40 | - | - | - |
| Small Business, Research and Competitiveness | 50 | - | - | - |
| Executive and Support Services | 309 | 901 | 429 | 243 |
| ICE Fund Special Account | - | - | - | - |
| Total | 399 | 901 | 429 | 234 |

| Other Financing Transactions (\$000) | | | | |
|---|----------|----------|----------|----------|
| Receipts | - | - | - | - |
| Disbursements | - | - | - | - |
| Total Net Cash Source (Requirements) | 0 | 0 | 0 | 0 |

Leading Edge Endowment Fund Service Plan

Organizational Overview

In 2002, the Province established a \$45-million Leading Edge Endowment Fund to support 20 permanent British Columbia leadership chairs based on a 50-50 cost sharing partnership between government and private/non-provincial government sectors.

A society was created to administer the Leading Edge Endowment Fund, which involved establishing 19 sponsor chairs in addition to one British Columbia leadership chair, the International Collaboration on Repair Discoveries (ICORD) Chair at the University of British Columbia. Each chair is supported in perpetuity through an endowment of \$4.5 million, managed by the host institution. The endowed leadership chairs are designed to attract world-class faculty, strengthen the province's capacity for innovative research, promote B.C. as a centre for cutting-edge research, enhance economic development and position the province as a leader in the knowledge-based economy.

In addition, government provided \$11.25 million to establish nine regional innovation chairs at regional universities, colleges and institutes. Each regional innovation chair has an endowment of \$2.5 million. The society is responsible for administering the regional innovation chairs fund.

The society also receives charitable donations to support graduate student awards, offered in conjunction with each British Columbia leadership chair.

Corporate Governance

The Leading Edge Endowment Fund is a British Columbia society and registered federal charity with its own constitution and bylaws, under the responsibility of the Ministry of Small Business, Technology and Economic Development. The society is governed by a nine-person board of directors:

- Iain Black, Minister of Small Business, Technology and Economic Development
- Jack Blaney, commissioner, International Joint Commission; chair, Fraser Basin Council; president emeritus, Simon Fraser University
- Gordon Campbell, Premier
- Chaviva Hosek, president and CEO, Canadian Institute for Advanced Research
- Judith Isaac-Renton, director of laboratory services, B.C. Centre for Disease Control; professor of medical microbiology, department of pathology and laboratory medicine, UBC
- Hassan Khosrowshahi, chair, Inwest Investments Ltd.
- R. Hector MacKay-Dunn, QC, senior partner, Farris, Vaughan, Wills and Murphy LLC
- Martha Salcudean (chair of the Leading Edge Endowment Fund board of directors), professor emerita, Weyerhaeuser Chair, and former associate vice-president of research and head of the department of mechanical engineering, UBC
- Moira Stilwell, Minister of Advanced Education and Labour Market Development

Goals and Strategies

Through a competitive peer review process, all 29 of the chairs have now been allocated. The chairs are in the following sectors:

- Health: ten chairs
- Technology: four chairs
- Environment: five chairs
- Social: six chairs
- Economic development: four chairs

The society must ensure that the matching funding is in place for each chair, and that a suitable nominee has been confirmed.

Summary Financial Outlook

| Leading Edge Endowment Fund | FISCAL 2007/08 Actual ¹ | FISCAL 2008/09 Actual ² | FISCAL 2009/10 Projected ² | FISCAL 2010/11 Projected ³ |
|--|--|--|---|---|
| Combined Income Statement (\$000)¹ | | | | |
| Grant Income ⁴ | 11,500 | 9,250 | 20,750 | |
| Interest | 1,624 | 681 | 25 | |
| Total Revenue | \$13,124 | \$9,931 | \$20,775 | |
| LEEF Chairs | 11,500 | 9,250 | 20,750 | |
| Operations | 242 | 247 | 294 | |
| Other ⁵ | | | 7,100 | |
| Total Expense | 11,742 | 9,497 | 28,144 | |
| Net Results | 1,382 | 434 | -7,369 | |
| Net Assets (Beginning of year) | 5,553 | 6,935 | 7,369 | |
| Net Assets (End of year) | 6,935 | 7,369 | 0 | |
| FTEs | 2 | 2 | 2 | |

¹ Figures from the Leading Edge Endowment Fund audited financial statements for the year ended March 31, 2008.

² Figures from the Leading Edge Endowment Fund audited financial statements for the year ended March 31, 2009.

³ No projections are provided for fiscal year 2010/11 as it is anticipated that the Leading Edge Endowment Fund Society will have been dissolved and all funds dispersed.

⁴ Grant income is drawn from "deferred contributions" on hand and reported in the year a chair award is made.

⁵ Allocation to be determined by the Leading Edge Endowment Fund board.

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Hyperlinks to Additional Information

Action Plan for Small Business: www.gov.bc.ca/sbr/attachments/action_plan_for_small_business.pdf

Small Business Roundtable: www.smallbusinessroundtable.ca/

British Columbia Innovation Council: www.bcic.ca/

The Premier's Technology Council: www.gov.bc.ca/premier/technology_council/

Straightforward BC: www.straightforwardbc.gov.bc.ca/

British Columbia Asia Pacific Initiative: www.gov.bc.ca/ecdev/down/asia_pacific_initiative_out.pdf

British Columbia Knowledge Development Fund:
www.tted.gov.bc.ca/TRI/research/bckdf/Pages/default.aspx

British Columbia Renaissance Capital Fund: www.tted.gov.bc.ca/TRI/Pages/BCRCF.aspx

Leading Edge Endowment Fund: www.leefbc.ca/