

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

**2010/11 – 2012/13
SERVICE PLAN**

March 2010



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Message from the Minister and Accountability Statement



The global economy plays a major role in defining British Columbia's contemporary and future opportunities. The 2010 Olympic and Paralympic Winter Games gave B.C. a unique moment to globally showcase our strengths.

The 2010 Business Hosting Program took advantage of a once-in-a-lifetime opportunity to sell B.C. to the world. Building on our success in marketing B.C. at the Torino Winter Games and the Beijing Summer Games, the hosting program engaged hundreds of top-tier business visitors in February, highlighting our province's competitive advantages and promoting investment, partnerships and trade. We are now following up on the achievements of the hosting program to ensure that the Games provide a lasting economic legacy for all of British Columbia.

B.C. is recognized nationally as leader in reducing red tape – cutting more than 152,000 regulations since 2001. However, we know there is no “finish line.” We will continue to encourage business leaders, other business associations and individual entrepreneurs to tell us where we can consider reducing regulation even further. We have made red tape reduction a fixed agenda item for Roundtable consultations in 2010. Our deregulation office, *Straightforward BC*, has also launched a program to streamline some often-used provincial forms. We remain focused on ensuring provincial regulations encourage rather than restrict prosperity, innovation and opportunity.

The ministry will continue to work in close partnership with the small businesses of British Columbia. Building on the success and momentum of the Small Business Roundtable, we will strive to keep B.C. the most small business friendly jurisdiction in Canada. This includes offering \$30 million in annual tax credits through our venture capital programs.

The ministry will help B.C. chart a bold, new course in pursuit of excellence in clean energy and sustainable environmental technologies. The Innovative Clean Energy Fund is helping develop made-in-B.C. solutions to respond to British Columbia's energy and environmental challenges, while we invest in new technologies. The ministry is spearheading government efforts to expand British Columbia's low carbon, green economy.

The ministry will continue to lead the Asia Pacific Initiative, operating trade offices to promote B.C. in Beijing, Shanghai, Guangzhou, Bangalore, Tokyo and Seoul, as well as maintaining two trade representatives in Europe and another in the United States. In Vancouver, the Asia-Pacific Business Centre serves as an active hub for global trade and investment opportunities in British Columbia.

The successful extension of the Trade, Investment and Labour Mobility Agreement between B.C. and Alberta to include Saskatchewan in the Western Economic Partnership makes British Columbia more competitive. By creating a huge internal trade zone across most of Western Canada, these groundbreaking trade agreements maximize access of British Columbia's entrepreneurs to new business opportunities and skilled employees.

The Ministry of Small Business, Technology and Economic Development *2010/2011- 2012/13 Service Plan* 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 and for achieving the specific objectives in the plan.



Honourable Iain Black
Minister of Small Business, Technology and Economic Development
March 2, 2010

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Purpose of the Ministry

The Ministry of Small Business, Technology and Economic Development creates, leads, and implements strategies to build a strong, globally competitive provincial economy, and promotes economic growth, wealth and job creation, and diversification of the economy. The ministry is committed to working with First Nations, Aboriginal people, local communities and regions, small businesses, industry, educational and non-governmental organizations.

Small business is vital to B.C.'s economic success because it drives the provincial economy. The ministry helps businesses prosper by becoming more productive and competitive. The ministry works with other ministries, partners, the Small Business Roundtable and the private sector to identify and address economic competitiveness issues and to foster an entrepreneurial culture in B.C.

The ministry is also responsible for ensuring B.C.'s economic investments in hosting the world for the 2010 Olympic and Paralympic Winter Games are maximized to the benefit of all British Columbians through to the Summer Games in London in 2012.

The ministry continues to make B.C. more competitive internationally by reducing trade barriers, working with Alberta on the Trade, Investment and Labour Mobility Agreement and developing the Western Canada Partnership with Saskatchewan and Alberta. The ministry also identifies B.C.'s priorities to – and advances them with – the federal government for international trade agreement negotiations, including the anticipated Canada-European Union Economic Partnership.

The ministry's activities include marketing and promoting B.C. to expand trade and investment and increase sales and exports of goods and services. The ministry contributes to sustaining economic growth throughout B.C. by removing barriers to trade, investment and labour mobility; diversifying the economy; and encouraging the development, commercialization and adoption of clean and renewable technology.

The ministry provides funding for research, innovation and technology to continue diversifying the economy into high-growth, high-opportunity sectors and to fuel sustained economic growth. The ministry also ensures programs and agencies are aligned with the objectives of the B.C. Research and Innovation Strategy. The ministry oversees contributions from the British Columbia Knowledge Development Fund to post-secondary institutions and research organizations, internship funding for graduate students, the Premier's Technology Council, the B.C. Progress Board, the British Columbia Innovation Council and the B.C. Immigrant Investment Fund.

The ministry is also responsible for greening the province's economy by encouraging investment in low carbon technology and promoting the adoption of green technology. B.C. is emerging as a global leader in sustainable development, environmental technologies and innovative energy management with a competitive business climate for research and the production and commercialization of technology.

The ministry is directly responsible for the Asia Pacific Initiative, a government and province-wide strategy to ensure B.C.'s efforts are strategically oriented toward leveraging the economic, social and cultural opportunities represented by the Asia-Pacific region to maximize trade, investment and job creation. 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: Small business is the economic engine of the provincial economy, accounting for 98 per cent of all businesses in B.C., and drives job creation, productivity and economic growth. There are approximately 384,300 small businesses employing over one million people and generating 34 per cent of the province's gross domestic product. The ministry works within government and with the private sector to advance initiatives that support small business start-up and growth and enhance small business productivity and competitiveness. With innovation and proven resiliency, B.C. small businesses are leading the way to prosperity.

Economic Outlook: The Economic Forecast Council estimates that British Columbia's real GDP contracted by 2.6 per cent in 2009. The Council projects a return to growth for B.C. in 2010 and 2011, with real GDP expected to increase by 2.9 per cent and 3.1 per cent, respectively, in those years. Risks to B.C.'s economic outlook include a double-dip recession originating in the US, slower than anticipated global demand resulting in reduced demand for B.C.'s exports, a Canadian dollar valued above the current forecast, further weakening of the US dollar, and volatility to global commodity and financial markets.

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 ensures all British Columbians benefit from an enhanced relationship with and proximity to the Asia-Pacific region. Asia's dramatic demographic changes have created a demand for not only B.C.'s traditional resource products, but also for new products and services, like urban infrastructure design, planning and development, engineering, clean energy, health care, tourism, and technology – all areas where British Columbia has expertise and competitive advantages.

Western Economic Partnership: Trade agreements are a key component of the Province's economic strategy. To meet government's goal to create more jobs per capita than anywhere else in Canada, B.C. will enhance and expand trade agreements that will reduce barriers to trade, investment and labour mobility. Provincial initiatives aimed at trade, investment and labour markets, the workforce and the economy are advancing the growth of skilled, diversified and well-paid jobs for British Columbians. The province is positioned to welcome workers from all Canadian jurisdictions needed both for economic growth and to replace older workers who are retiring.

2010 Olympic and Paralympic Winter Games: British Columbia successfully hosted the world for the Olympics in February 2010 and the Paralympics in March. The economic opportunity now is in successfully leveraging the Province's investment in the 2010 Winter Games into business opportunities through to the 2012 Olympic and Paralympic Summer Games in London.

Social Media and Marketing: Radical changes in technology are changing the way we engage and communicate with one another. Social media and social networking platforms are powerful community engagement tools, and the development of two-way media channels is making traditional marketing strategies increasingly obsolete. Social media enables the ministry to improve the way it engages citizens and stakeholders, markets British Columbia as Canada's Pacific Gateway, and promotes B.C.'s competitive advantages to the world.

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 B.C. 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 participation of Aboriginal people in local, regional and provincial economies.

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, particularly as older British Columbians continue to leave the workforce. Investments in key drivers of productivity and economic competitiveness – such as research, innovation and technology development – will ultimately diversify the Provincial economy and develop a knowledge-based society and economy.

Key Economic Challenges: The global economy remains the main source of risk for British Columbia's economic recovery. Others include our unemployment level, an increased debt- to- GDP ratio, and the high value of the Canadian dollar. Increased competition, volatile commodity prices, and moderate growth in global and domestic demand for B.C. products could keep export growth below import growth and would result in a steadily larger trade deficit, which could lower export recovery benefits for British Columbia.

2010 Olympic and Paralympic Winter Games: Following years of anticipation and preparation, the challenge is to sustain the required effort to leverage the Province's investment in the 2010 Olympic and Paralympic Winter Games, along with unprecedented international exposure, to create opportunities for B.C.'s small businesses. The business plan horizon extends through to the Olympic and Paralympic Summer Games in London in 2012.

Access to Venture Capital: The venture capital industry has been affected by the global economic downturn. The ministry's venture capital programs leverage capital from foreign investors and represent approximately 30 to 40 per cent of the venture capital invested in B.C. annually. B.C.'s share of venture capital, along with the rest of Canada's is down 40 per cent and is expected to take two or more years to recover.

Skill Shortages and Demographics: The economic downturn created layoffs and delayed retirements that temporarily softened the impact of labour shortage across all business sectors. Skill shortages will become more acute as the economy recovers.

Goals, Objectives, Strategies and Performance Measures

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

Objective 1.1: Increase 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 competition 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 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 the Agreement on Internal Trade allowing freer movement of skilled workers and professionals in Canada.
- Extend the B.C.-Alberta Trade, Investment and Labour Mobility Agreement to include Saskatchewan by implementing the Western Economic Partnership.
- Streamline regulatory differences between the province and key trading partners.
- Continue to support a business climate where small business prospers.
- Further reduce regulatory burden and attract new investment by streamlining regulatory requirements and improving efficiency for accessing government programs and services.
- Increase investment in research and development in British Columbia.

Objective 1.2: Increase B.C.’s trade and investment

Strategies

- Increase the amount of venture capital available to B.C. businesses.
- Promote investment opportunities in B.C. with investors in Asia, the U.S. and Europe.

- Increase activities to attract foreign direct investment and promote programs and policies to facilitate greater participation of B.C. businesses in key markets.
- Enhance close commercial ties 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.

Performance Measure 1: Venture capital invested in B.C.

Performance Measure	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
Total venture capital invested in B.C.	\$260	\$200m	\$240m	\$295m
B.C.'s share of Canada's total venture capital investment ¹	14%	16%	18%	20%
Amount of foreign venture capital invested in B.C.	\$45m	\$71m	\$80m	\$100m

Data Source: Data derived from Thomson Reuters

¹ Total value of venture capital investment in B.C. expressed as a percentage of overall Canadian venture capital dollar investment.

Discussion

Entrepreneurship and innovation are vital to economic growth and will increase British Columbia’s productivity and 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 reflects the global marketplace’s view that B.C.’s companies and sectors are healthy and strong.

Venture capital investment has declined worldwide as a result of the global recession. In 2009, venture capital investment in North America plunged 58 per cent to \$24.3 billion. Within Canada, venture capital investment fell 30 per cent from \$1.32 billion in 2008 to \$924 million in 2009. Canadian investment has hit a 10-year low, and the Canadian Venture Capital Association expects it may take two or more years for conditions to return to a normal investment range.

The ministry had forecast that B.C. would receive \$260 million of venture capital in 2009. Due to the world-wide recession, the amount of venture capital invested in B.C. was less than expected. Yet within this global setback, B.C. continued to attract 21 per cent of all venture capital invested in Canada¹ and leads the country in investment per capita: \$59 invested per person in B.C., \$51 in

¹ Thomson Reuters

Quebec and \$45 in Ontario. British Columbia competes with other jurisdictions for venture capital and continues to experience rising levels of foreign investment.

British Columbia is the only province in Canada that covers venture capital investment at every level. Ministry programs ensure innovative companies from B.C. have long-term access to capital during these challenging times. Supported by a 30 per cent tax credit for investments in a B.C.-based company, angel investors provide not only capital but also business expertise and contacts for seed stage companies. Ministry venture programs that support local investors ensure the province will retain its position of strength from the global downturn.

Ostara – Nutrient Recovery Technologies Inc.



Line of business:

- *Nutrient Recovery*

Technology:

- *Invented at the University of British Columbia*

Benefits:

- *Wastewater treatment plants*
- *Nursery and specialty agricultural industries*
- *Turf industry (golf courses)*
- *B.C. fisheries and silviculture*

Enabler:

- *B.C. Renaissance Capital Fund*

Ostara's PEARL™ Nutrient Recycling Process, above, extracts environmentally harmful nutrients such as phosphorus from wastewater and recycles them into an environmentally-friendly, premium quality fertilizer that is being marketed throughout North America.

Ostara's technology is operating at full scale in Edmonton, AB, and Portland, OR; and two further full scale facilities are currently under construction in Suffolk, VA and York, PA. The process has also been installed at pilot scale in numerous cities in the US and also in Europe.

The B.C. Renaissance Capital Fund), a Crown agency administered by the ministry, leverages its capital resources with additional private venture capital to invest in B.C. technology companies. The Renaissance Fund partners with seven firms that provide the added private venture capital and expertise. One of these firms, VantagePoint, led a \$10.5 million investment in Ostara.

Objective 1.3: Promote B.C. in priority markets

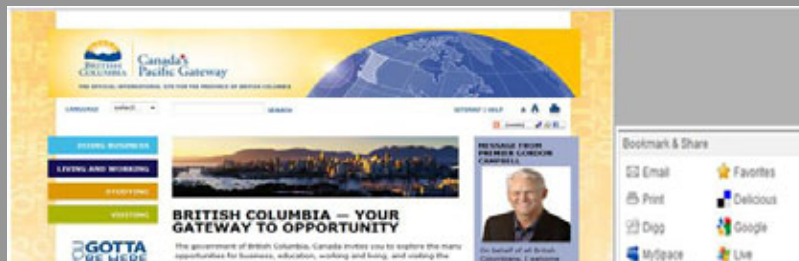
Strategies

- Promote greater awareness of B.C. as Canada's Pacific Gateway in multiple languages through a variety of 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.
- Sustain and evolve strategy to pursue international opportunities for B.C. afforded by the Olympic and Paralympic Games, starting with Beijing in 2008 and ending with London in 2012.
- Leverage the multilingual Asia-Pacific Business Centre at Robson Square in Vancouver as a hub for business activity and industry-driven programming.

Innovation in Marketing: The International Landing Pad

Radical changes in technology are changing the way we engage and communicate with one another. Social media and social networking platforms are powerful community engagement tools and the development of two-way media channels is making traditional marketing strategies and tactics obsolete. The International Landing Pad, a highly successful pilot project for multilingual service delivery consolidates immigration, trade, investment, international education, tourism and workforce attraction information in one international portal in 10 languages. The electronic gateway gives international audiences relevant and timely information on investing, working, studying and visiting in B.C.

Originally launched in English, the International Landing Pad is also available in French, simplified and traditional Chinese, Spanish, German, Korean, Japanese, Hindi and Punjabi. Using web-enabled technology to raise B.C.'s international profile is a cost-effective marketing tool to attract investors, students, immigrants, tourists and skilled workers. The recently refreshed website uses social media platforms, essential components of Internet-based marketing, to harness social networks like Facebook, LinkedIn and YouTube to increase recognition of British Columbia as Canada's Pacific Gateway, and to promote B.C.'s competitive advantages to the world. www.canadaspacificgateway.com



Performance Measure 2: Major Projects Inventory

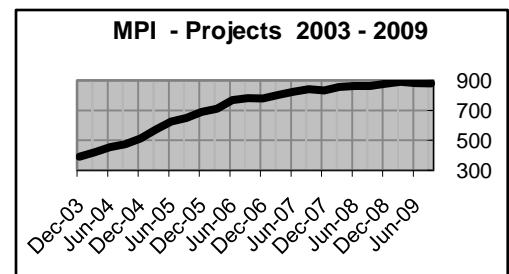
Performance Measure	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
Estimated number of projects	880	870	860	860

Data Source: Major Projects Inventory

Discussion

The continued high level of major projects underway in B.C. will continue to provide well-paid jobs and help maximize economic activity within the province. The Major Projects Inventory captures major projects that are currently proposed or underway within B.C. The steady rise in the number of projects since 2003 is expected to crest within the next three years, but to remain well above 2005 levels, reflecting a

continued strong interest and confidence in B.C.’s economic performance. The value of these projects, which has quadrupled since 2001, is also expected to remain at historical highs. The regional and sectoral distribution of projects is also expected to continue along historical trends, although Olympic-related projects, which made up less than two per cent of total numbers in recent years, will decline. The three largest sectors generating major projects are residential-commercial sector, transportation and warehousing, and utilities.



Goal 2: Create a business climate in which small business prospers

Objective 2.1: Make B.C. a global leader in regulatory reform

Strategies

- Through *Straightforward BC: Regulation, Clear and Simple*, build an efficient and effective regulatory system in B.C. to promote economic opportunities while protecting public safety, and health, and the environment.
- Reduce regulatory burden on small business by streamlining regulatory requirements and improving efficiency for accessing government programs and services.
- Work with the Small Business Roundtable to identify and implement innovative initiatives such as the *Straightforward Forms*.
- Monitor regulatory reform progress across government, and regularly and publicly report results.

Performance Measure 3: Maintain a net zero increase in the number of regulatory requirements

Performance Measure	2004 Baseline ¹	2009/10 Forecast ²	2010/11 Target	2011/12 Target	2012/13 Target
Number of government-wide regulatory requirements	228,834	207,529	0 net increase	0 net increase	0 net increase

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

¹ As defined in 2004.

² As of Dec. 31, 2009.

Discussion

Since the regulatory reform initiative was introduced in 2001, the B.C. government has eliminated more than 152,000 regulatory requirements – a red tape reduction of over 42 per cent. Starting in 2010, regulatory reform will be a fixed agenda item at all Small Business Roundtable consultations held throughout the province. The government also launched the *Straightforward Forms* initiative, beginning with the redesign of two forms that require approximately 125,000 submissions per year. The initiative also looks to adding the option of online forms submission to further reduce processing time and cut costs for taxpayers and government.

The government achieved its initial target of reducing regulatory requirements by one third by 2004; the government further committed to a target of a zero net increase in government-wide regulatory requirements to 2012, using 2004 count as the baseline. The ministry tracks performance and regularly reports the regulatory requirement count information publicly. The zero net increase target reflects government's strong commitment to making B.C. a leader in regulatory reform.

Objective 2.2: Foster a culture of entrepreneurship in British Columbia

Strategies

- Increase the productivity and competitiveness of small to medium sized enterprises in B.C.
- Highlight and celebrate the contribution of B.C.'s 384,300 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.
- Implement BizPaL in B.C. communities to make it easier to access business licence permitting information.
- Support the expansion of a mobile business licence throughout the province.
- Support small businesses through the Building Skills for Small Business Fund, building partnerships with government and non-government organizations and leveraging additional funds to develop human resources, succession planning, and similar training to enhance small business productivity and competitiveness.
- Explore new ways to increase small business access to financing.
- Support the Small Business Roundtable.
- Support ongoing dialogue with small business owners through consultations in all regions of the province.
- Support Small Business BC as the key resource for small business in the province.
- Implement the Action Plan for Small Business to address small business issues and support small business startup and growth.
- Raise the profile of new small business opportunities like green technology.
- Develop strategies to help small businesses expand into domestic and international markets.
- Foster a culture of entrepreneurship in British Columbia by supporting Junior Achievement British Columbia in providing students in K-12 with the business knowledge and skills to become the entrepreneurs of tomorrow.

The Economic Impact of Small Business in British Columbia:

In 2008, small business accounted for:

- *384,300 businesses or 98 per cent of all businesses;*
- *1,058,100 people or 56 per cent of private sector employment, the highest rate in the country;*
- *34 per cent of the province's Gross Domestic Product, the highest rate in the country; and,*
- *\$11.9 billion worth of merchandise or almost 38 per cent of the total value of goods exported to international destinations from the province in 2007.*

Source: Small Business Profile 2009

Small Business Success in B.C.

Feathercraft – Folding Kayaks and Accessories



Feathercraft kayaks featured at the High Performance - Evolution & Innovation in Canadian Design Exhibit at the Charles H. Scott Gallery, at the Emily Carr University

Line of business:

- *Manufacturing*

Technology:

- *Ingenious folding design: First to use aluminum aircraft tubing for frames-making kayaks highly portable.*
- *The framework is sectional and can easily be repaired or replaced.*

Accomplishments:

- *Exports products to 20 countries in Americas, Europe, and Asia.*
- *Feathercraft kayaks are lightweight and compact enough to fold into a backpack.*

Invoke Media



Line of business:

- *Building social media platforms.*

Technology:

- *Designed Hootsuite, the social media dashboard, and memelabs, an on-line contest platform.*

Accomplishments:

- *Recognized by Backbone Magazine and KPMG as one of the Top 20 Web 2.0 companies driving innovation and changing the way people use the Internet.*
- *Boasts an impressive client list from the White House to The Gap to Jim*

Performance Measure 4: Availability of BizPaL to communities

Performance Measure	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
Availability of BizPaL to communities ¹	85 of 160 municipalities	95 of 160 municipalities	110 of 160 municipalities	144 of 160 municipalities

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

¹ This target accommodates the differing priorities of municipalities and the need to coordinate among three levels of government.

Discussion

The Small Business Roundtable's October 2009 report recommended priority areas for the province in supporting B.C.'s small business. Challenges facing small businesses include training and labour development, accessing business start-up funding, leveraging technology and innovation, and increasing access to foreign markets. In addition, implementation of the popular BizPaL Program will continue in 2010/2011 and 2011/2012 as the Province moves closer to its goal of having the service available to all B.C. communities. BizPaL is an online service that helps businesses to identify all federal, provincial, and local government permits and business licence requirements for specific business activities and locations. BizPaL reduces the time and cost for entrepreneurs starting or expanding small businesses.

Objective 2.3 Continue stimulating and investing in innovation and research activity at B.C.'s universities, institutions and businesses

Strategies

- Through the Innovative Clean Energy Fund, accelerate the development of new energy technologies with the potential to solve real, everyday energy and environmental issues and create economic benefits for all British Columbians.
- Collaborate with other levels of government, academia and the private sector to foster solutions to B.C.'s energy challenges.
- Ensure funding through the British Columbia Knowledge Development Fund and contributions to research organizations are aligned with the priorities of B.C.'s Research and Innovation Strategy.
- Catalyze federal and private investment in scholarships and internships for B.C. graduate students.
- Leverage with B.C. research and innovation system to encourage the development, commercialization and adoption of technologies and processes that align with, and contribute to B.C.'s economic priorities.
- Increase innovation in the approach to regulatory reform through Straightforward BC.
- Address regulatory barriers to the use and application of current and emerging technologies in addressing environmental issues.
- Support the Premier's Technology Council and the British Columbia Innovation Council.

T'Souke Nation – Photovoltaic Solar Energy System



Line of business:

- *Photovoltaic solar energy system*

Technology:

- *Arrays of cells containing a material that converts solar radiation into direct current electricity.*

Benefits:

- *Clean energy source*
- *Reduced energy consumption*
- *Alignment with social values*

Enabler:

- *Innovative Clean Energy Fund*

The T'Souke Nation received \$400,000 from the ICE Fund to build a 75-kilowatt solar photovoltaic installation with a total project value of \$1.25 million on its traditional territory. By becoming a solar community, T'Souke Nation has a new vision for the future and a new role as clean energy leaders.

The provincial government established the ICE Fund to foster solutions to B.C.'s energy challenges and help make the province's clean energy technologies market-ready. Since 2008, the ICE Fund has approved investments of \$47 million in 34 projects in communities across B.C.

Performance Measure 5: Business enterprise expenditures on research and development (BERD)

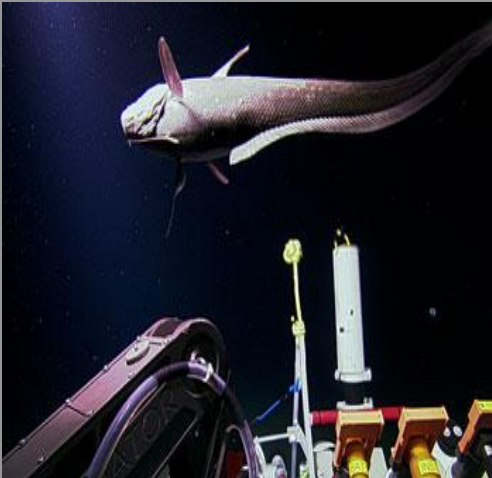
Performance Measure	2007/08 Benchmark	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
BERD as a percentage of GDP	0.598%	0.6%	0.625%	0.65%	0.675%

Data Source: *Gross Domestic Expenditures on Research and Development in Canada (GERD), and the Provinces, National Estimates 1998 to 2009, Provincial Estimates 2003 to 2007, vol. 2 no. 1, Statistics Canada, Catalogue no. 88-221-X*

Discussion

The ratio of business enterprise expenditures on research and development to gross domestic product is a proxy for the level of innovation in firms. Higher R&D expenditures help to stimulate the growth of firms, create jobs and ultimately expand the provincial economy. Coherent innovation policies and strategic research funding by government help to create an environment that encourages business investment in research and development. The targeted increases of 0.025 per cent per year are equivalent to increases of approximately \$50 million per year in business enterprise R&D expenditures.

NEPTUNE Canada Project



A curious grenadier, a rattail fish, supervises the installation of a seismometer more than 2.6 km below the surface.

Line of business:

- *Ocean exploration*

Technology:

- *The world's first regional cabled ocean observatory viewable online*

Benefits:

- *Technology jobs for British Columbians*
- *New environmental protection methods*
- *Resource exploration under the ocean floor*

Enabler:

- *Over \$100 million invested by multiple agencies and governments, including the B.C. Knowledge Development Fund administered by the ministry.*

Led by the University of Victoria, the NEPTUNE Canada cabled ocean observatory uses innovative engineering and the Internet to monitor ocean processes and events. It delivers data from hundreds of scientific instruments and sensors installed on the seafloor of the Pacific Ocean, providing ocean scientists with an alternative to infrequent ship cruises or space-based satellites to conduct research. The data will have applications for climate change, hazard mitigation (earthquakes and tsunamis), port security and shipping, resource development, sovereignty and security, and ocean management.

Performance Measure 6: Innovative Clean Energy Fund leverage ratio

Performance Measure	2008/09 Benchmark	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
Investment leverage ratio	2:1 ¹	3.25:1 ²	3:1	3:1	3:1

Data Source:

¹ Value based on data from First Call projects.

² Value based on data from the Second Rural Call projects.

Discussion

The ICE Fund accelerates the development of new energy technologies that have the potential to solve real, everyday energy and environmental issues and create 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 use the ICE Fund to leverage other sources of public and private-sector funding. The previous 2008/09 benchmark of 3:1 was calculated as Total Project Value / Total ICE funding.

The 2008/09 benchmark is revised to 2:1 to be consistent with the leveraging calculation methodology applied by other funding programs: Total Project Value minus Total ICE Funding / Total ICE Funding. The methodological change is also applied to forecasts and performance targets.

Resource Summary

Core Business Area	2009/10 Restated Estimates ¹	2010/11 Estimates	2011/12 Plan	2012/13 Plan
Operating Expenses (\$000)				
Asia Pacific, Trade and Investment	11,709	20,099	11,709	11,709
Small Business, Research and Competitiveness.....	17,036	18,122	17,917	17,917
Executive and Support Services	9,442	9,205	9,181	9,181
ICE Fund Special Account.....	24,948	14,948	14,948	14,948
Total	63,135	62,374	53,755	53,755
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)				
Asia Pacific, Trade and Investment	0	0	0	0
Small Business, Research and Competitiveness.....	0	0	0	0
Executive and Support Services	901	774	235	1
ICE Fund Special Account.....	0	0	0	0
Total	901	774	235	1

¹ The amounts have been restated, for comparative purposes only, to be consistent with the presentation of the 20010/11 *Estimates*. The 2009/10 restated estimates reflect a change in funding model for corporately provided operations support such as accommodation, most information technology, freedom of information, corporate accounting services, payroll, and corporate sustainability. Funds previously held in Ministries for these activities were centralized into Shared Services BC, the existing service delivery body for these services.

Leading Edge Innovations in Vision-Saving Therapy



Dr. Kevin Gregory-Evans, B.C.'s leadership chair in macular research, in his lab.

Photo: Martin Dee, UBC Public Affairs

Line of business:

- *Development and commercialization of treatments in the field of ophthalmology.*

Technology:

- *Using genetically modified cells to deliver long-lasting therapy to the eye.*

Benefits:

- *Further advancements for macular degeneration treatment.*

Enabler:

- *Partnership with B.C.'s Leading Edge Endowment Fund to develop commercial applications for research advancements for macular degeneration treatment.*

Macular degeneration is the leading cause of vision loss among the aged in Canada. Visudyne, the first breakthrough in macular degeneration treatment was developed by QLT Inc., a UBC spinoff company. QLT and top genetic ophthalmologist Dr. Kevin Gregory-Evans recently partnered to develop another innovative world class treatment.

Funding for Leading Edge Endowment Fund is part of the \$1.7 billion government has committed to research and innovation in B.C. since 2001. LEEF supports 20 permanent B.C. leadership chairs and nine regional innovation chairs in partnership with the private and non-provincial government sectors.

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 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:

- Honourable Gordon Campbell, Premier
- Honourable Iain Black, Minister of Small Business, Technology and Economic Development
- Honourable Dr. Moira Stilwell, Minister of Advanced Education and Labour Market Development
- Dr. Martha Salcudean (Chair of the Leading Edge Endowment Fund Board of Directors), Professor Emerita, Weyerhauser Chair, and former associate vice-president of research and head of the department of mechanical engineering, UBC
- Jack Blaney, Commissioner, International Joint Commission; Chair, Fraser Basin Council; President Emeritus, Simon Fraser University
- Chaviva Hosek, President and CEO, Canadian Institute for Advanced Research
- Dr. 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

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: 10 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 Outlook¹

Leading Edge Endowment Fund	2009/10 Restated Estimates	2010/11 Estimates	2011/12 Plan
Grant Income ²	9,250	11,500	0
Interest	25	50	50
Total Revenue	9,275	11,550	50
LEEF Chairs	9,250	11,500	0
Operations	294	300	300
Other ³	0	0	6,600
Total Expense	9,544	11,800	6,900
Net Results	-269	-250	-6,850
Net Assets (Beginning of year)	7,369	7,100	6,850
Net Assets (End of year)	7,100	6,850	0

¹ Revised December 2009 based on extension to March 2012

² Grant income is drawn from "deferred contributions" on hand and reported in the year a chair award is made

³ Allocation to be determined by the Leading Edge Endowment Fund board

Ministry Contact Information

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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/

Small Business BC www.smallbusinessbc.ca/

British Columbia Innovation Council: www.bcic.ca/

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

B.C. Progress Board: www.bcprogressboard.com/

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

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

B.C. Research and Innovation Strategy:
www.tted.gov.bc.ca/TRI/research/Documents/strategy.pdf

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

British Columbia Renaissance Capital Fund: www.bcrf.ca/BCRCF/Pages/default.aspx

Leading Edge Endowment Fund: www.leefbc.ca/

The Province of British Columbia's International Site: www.canadaspacificgateway.com/