

Ministry of
Small Business,
Technology and
Economic Development

2009/10
Annual Service Plan Report



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Message from the Minister and Accountability Statement



The Ministry of Small Business, Technology and Economic Development is pleased to report results from its various areas of responsibility, from trade and technology to small business and regulatory reform.

Central to our ongoing economic recovery was the world's biggest trade show - the 2010 Olympic and Paralympic Winter Games. The Ministry's business hosting program successfully engaged 15,000 participants in more than 100 business events involving global leaders who learned first-hand about B.C.'s investment advantages. Partnerships have already emerged from relationships cultivated through the hosting program, with many more on the horizon.

Small businesses also played a vital role in our strengthening economy in 2009, providing well over half the private-sector jobs in the province and 34 per cent of our gross domestic product – the highest proportion of any province in Canada. During the year, we talked regularly with small businesses in all areas of B.C. through the permanent Small Business Roundtable. We saved business time and money through the BizPal online permit and licensing service available in 86 communities, invested in training programs for small business employees, and expanded entrepreneurship and business skill training in B.C. school districts.

We remain focused on ensuring provincial regulations encourage rather than restrict prosperity, innovation and opportunity. Regulatory reform supports businesses of all sizes by allowing them to spend less time dealing with government, and more time building their enterprises. Through our *StraightforwardBC* office, we maintained a zero net increase in regulatory requirements, which government has committed to sustain until 2012.

We continued efforts to reduce or eliminate unnecessary barriers to trade, investment and labour mobility. We implemented the Trade, Investment and Labour Mobility Agreement (TILMA) and extended TILMA to Saskatchewan under the New West Partnership Trade Agreement. We also worked with the Government of Canada and other provinces to enhance the Agreement on Internal Trade by negotiating a new chapter on Agriculture. Working closely with the Government of Canada we concluded an interim agreement with the U.S. to resolve Buy America restrictions and expand our access to U.S. procurement markets, and directly participated at the negotiating table in the ongoing Canada-European Union trade treaty talks.

The Ministry remains committed to increasing trade with the Asia-Pacific region – the fastest-growing marketplace for B.C. exports. We continued to expand our international presence with a new office in Bengaluru, India, and hosted 111 inbound and 77 outbound missions. A life sciences summit in Vancouver opened the door to more research and development partnerships between British Columbia and India.

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The Ministry's responsibility for research encompasses the Leading Edge Endowment Fund, under which three research chairs were announced – in macular degeneration, functional cancer imaging and sustainable horticulture. Since 2001, government has invested \$1.8 billion in research and innovation.

To further commercial success of research and innovation in B.C., we support the BC Innovation Council, which develops entrepreneurial talent and commercializes technology through start-up companies and partnerships between industry and academia. In 2009, our venture capital programs invested \$110 million into 239 small businesses throughout B.C. in our knowledge-based and value-added sectors. We also brought new managers into the \$90 million B.C. Renaissance Capital Fund, which leverages investment capital for B.C.'s life sciences, new media, information technology and clean energy technology companies.

We boosted B.C.'s green economy by making another \$25 million available under the Innovative Clean Energy Fund, which has now committed more than \$60 million to 41 projects across the province with a total value of nearly \$235 million. As well, nine of the 10 top-valued proposed construction projects listed in the Province's Major Projects Inventory in the last quarter of 2009 had a clean energy focus.

The Ministry of Small Business, Technology and Economic Development *2009/10 Annual Service Plan Report* compares the actual results to the expected results identified in the Ministry's *2009/10-2011/12 Service Plan Update*. I am accountable for those results as reported.



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

June 7, 2010

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Highlights of the Year

2010 Winter Olympics Integrated Business Hosting Program

The 2010 Business Hosting Program was designed to ensure that the Province maximized opportunities to promote business development and foster new business connections to attract long-term economic benefits to British Columbia. The Program hosted 113 business events that attracted 15,000 attendees and close to 80 bilateral meetings between business guests and government, in addition to opportunities for countless meetings privately organized by the business community.

Asia Pacific

British Columbia is Canada's Pacific Gateway to the growing economies of the Asia Pacific. Establishing B.C. as the pre-eminent trade and cultural gateway between Asia and North America is a key element of the province's Asia Pacific Initiative, led by the Ministry. Despite challenging economic factors, significant progress was made, including:

A trade and investment office was opened in Bengaluru to help ensure B.C., its companies, and its technologies and services are further promoted in India.

Premier Gordon Campbell and Vice Governor You Yeon-Chae of Gyeonggi Province, Korea signed a three-year action plan to collaborate in the areas of biotechnology, green energy, marine leisure, digital media and culture and tourism, strengthening the sister province agreement signed in 2008.

The province's Asia-Pacific trade and investment offices ensured B.C. companies and technologies were promoted at leading trade shows and conferences including the Tokyo Game Show, ENTECH 2009 Green and Renewable Energy Expo (Korea), G-Star 2009 Video Game Expo (Korea) and the China International Fair for Investment and Trade.

The province's Asia Pacific Business Centre launched virtual trade and investment missions, allowing B.C. companies to connect with investors and potential business partners in Asia through video-conferencing.

Digital marketing strategies increased international promotion of British Columbia as a world-class destination to invest, live, work, study and do business, including significant upgrades to the multilingual Canada's Pacific Gateway website (www.canadaspacificgateway.com). In addition, the Ministry launched its Trade BC website (trade.britishcolumbia.ca) aimed at helping B.C. companies develop trade and investment opportunities internationally.

Business Competitiveness

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 businesses. The Ministry continues to work towards fulfilling government's commitment to make B.C. the most small business friendly jurisdiction in Canada, including:

The Government's *Straightforward Forms Initiative* was launched, simplifying often-used provincial forms to shorten processing times and cut costs for business, taxpayers and government.

In 2009, seven small business consultations were held in Port Moody, Surrey, Prince George, Fort St John, Quesnel and Victoria as well as the first Aboriginal Small Business Roundtable. Since 2005, close to 700 small businesses have participated in consultations where they provided perspectives regarding priorities, concerns and opportunities in their respective regions.

In partnership with the Northern, Island Coastal and Interior Development Trusts, and the Business Development Bank of Canada, the ministry piloted delivery of small business workshops and on-site business diagnostics to enhance the productivity and competitiveness of small businesses in Campbell River, Cranbrook and Prince George.

Seventeen million dollars has been invested in ten projects around B.C. to small businesses offering skills training for unemployed and under-qualified workers to benefit the hospitality, construction and food service industries, among others.

Research and Innovation

In 2009/10, the British Columbia Knowledge Development Fund (BCKDF) awarded \$65 million in research infrastructure funding for 96 projects at B.C. public post-secondary institutions, including funding for a new detector at TRIUMF-ISAC II. In addition, the BCKDF-funded Institute for Sustainable Horticulture at Kwantlen Polytechnic University was officially opened in the fall of 2009.

Over the past year, the Ministry has worked with the BC Innovation Council to refine its mandate to focus on providing programs that directly support entrepreneurial technology talent development and retention, and the commercialization of technology.

Trade and partnerships

Provincial initiatives aimed at trade, investment and labour mobility have reduced barriers for certified workers and professionals to ensure the province's economic success is not hindered by workforce shortages. To create Canada's largest interprovincial barrier-free trade and investment market, British Columbia, Alberta and Saskatchewan concluded the New West Partnership Trade Agreement, creating an internal western Canadian market of nine million people and \$555 Billion in GDP, also launching collaborative efforts on innovation, procurement and trade.

Green Economy

The province is committed to growing British Columbia's green energy sectors by supporting research and innovation to generate wealth and create new jobs. The Innovative Clean Energy (ICE) fund awarded \$22.6 million to 19 projects approved under the Second "Rural" call with an additional \$10 million awarded to eight projects under the one-time Liquid Fuels from Biomass Call and \$6.6 million awarded to two projects under the first intake of the Third Call.

Purpose of Ministry

The Ministry of Small Business, Technology and Economic Development helps to build a strong provincial economy that maximizes economic 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. The Ministry was also responsible for the 2010 Olympic and Paralympic Winter Games Business Hosting Program.

Small business is a significant driver of British Columbia's economic growth and is vital to the province's economic success. 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 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 B.C. Immigrant Investment Fund. The Ministry also ensures that government investments in research and innovation align with the objectives of the B.C. Research and Innovation Strategy.

The Ministry works with partners across government to grow the province's low-carbon economy, with particular emphasis on the commercialization of clean technology. With our groundbreaking research, strong collaborative leadership and competitive business climate, 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 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.

Strategic Context

Economics: Preliminary estimates from Statistics Canada show that British Columbia's real GDP contracted by 2.3 per cent in 2009, following a year of 0.0 per cent growth (or no change) in 2008. The slowdown in B.C. during 2009 reflects the sharp U.S. and global economic downturn, the moderation of domestic demand in B.C., and volatility in world financial and commodity markets. The Ministry of Finance forecasts B.C.'s economy to return to positive growth in 2010, with real GDP increasing by 2.2 per cent. Risks to B.C.'s 2010 economic outlook include a double dip recession originating in the U.S., slower than anticipated global demand resulting in reduced demand for B.C.'s exports, further appreciation of the Canadian dollar, and further weakening of the U.S. dollar resulting in significant disruptions to global financial and commodity markets.

International Trade: British Columbia relies on the trade of goods for its economic development and is tightly integrated into the world trading system. The World Trade Organization estimates that the volume of world trade in 2009 fell by 12 per cent. Trade in current US dollar terms dropped even further than trade in volume terms (-23 per cent), due in large part to falling prices of primary commodities. The global economic downturn was the primary cause for the worldwide decline in demand for trade.

Asia Pacific: British Columbia's efforts to diversify its trade markets to Asia Pacific benefited the province during the current economic downturn. In 2009, 37 per cent of B.C. exports went to Asia, and 52 per cent went to the United States. This is a marked change from 2001 when 21 per cent of B.C. exports went to Asia and 70 per cent went to the United States. While all provinces were adversely affected by lower demand for exports in the United States, B.C. saw its trade relationship with China grow through 2009, thanks to consistent GDP growth in China and efforts by the province to increase its presence in the Chinese market.

2010 Olympic and Paralympic Winter Games: In February and March of 2010, the Olympic and Paralympic Winter Games propelled B.C. onto the world stage. An estimated audience of 3.5 billion people around the world watched the Games and hundreds of thousands of visitors traveled to B.C. to experience the Games in person. Among the visitors hosted were business dignitaries and political leaders from around the world.

Report on Performance

The Ministry achieved or exceeded three of its six performance measures. The data for one measure are not yet available due to federal reporting schedules. Of the remaining two measures, worldwide economic conditions and the realignment of program resources within the Ministry were the main influences in producing shortfalls to anticipated targets.

The worldwide economy impacts the Ministry's results as it works towards its goals of generating jobs and investment in B.C. from international sources. The scarcity of capital for the financing of exports and investment in innovative new B.C. businesses, and the availability of credit for the province's small businesses, influenced economic growth in B.C.

The province was able to temper the disruption in the world economy through its increasingly diverse trade partnerships, its commitment to small businesses and the commercialization of new, innovative technologies, and the hosting of the 2010 Olympic and Paralympic Winter Games. The Ministry, through the Olympic Business Hosting Program, was able to drive further trade and business relationships and promote the province on a world stage unequalled by any other international event.

Performance Plan Summary Table

Goal 1: Canada's Pacific Gateway, British Columbia, is recognized globally as a preferred place to visit, live, work, invest and do business.	2009/10 Target	2009/10 Actual
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		
Total venture capital invested in B.C.	\$260M	\$212M NOT ACHIEVED
The amount of foreign venture capital invested in B.C.	\$84M OR 33%	\$84M OR 39% EXCEEDED
B.C.'s share of Canada's total venture capital investment	13.5%	21% EXCEEDED
1.2 Increase trade with and investment in B.C.		
1.3 Promote B.C. products and services in priority markets		
Value (\$) of incremental trade by BC companies with the Asia-Pacific	\$125M	-\$3.9 BILLION NOT ACHIEVED
1.4 Make B.C. the most small business friendly jurisdiction in Canada and enable small business to prosper		
Availability of BizPal to communities	160 OF 160 MUNICIPALITIES	86 OF 160 MUNICIPALITIES NOT ACHIEVED
Goal 2: Capitalize on investments in research and innovation in B.C.-based technology industries	2009/10 Target	2009/10 Actual
2.1 Continue investing in innovation and research activity at B.C.'s universities, institutions, and businesses		
Researchers in B.C. workforce per 100,000 population	530	NOT YET AVAILABLE
Innovative Clean Energy Fund leveraging	3.25:1	3.25:1 ACHIEVED
2.2 Make B.C. a global leader in regulatory reform Number of government-wide regulatory requirements	228,834	207,603 EXCEEDED

Goals, Objectives, Strategies and Performance Results

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 of 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 *StraightforwardBC* 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.

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- 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.

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

Performance Measure	Benchmark	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Total venture capital invested in B.C.	\$225M	\$309M	\$259M	\$260M	\$212M NOT ACHIEVED
The amount of foreign venture capital invested in B.C. ^{1,2}	\$70M or 30%	\$93M or 31%	\$108M or 42%	\$84M or 33%	\$84M or 39% EXCEEDED
B.C.'s share of Canada's total venture capital investment ²	12%	15%	19%	13.5%	21% EXCEEDED

Data Source: Thomson Reuters

¹British Columbia competes with other provinces for venture capital. The level of 30 per cent of annual supply is the current target to be maintained.

²Total value of venture capital investment in B.C. and also expressed as a percentage of Canadian venture capital dollars invested in B.C. (2005).

Discussion of Results

Entrepreneurship and innovation are vital to economic growth and foreign capital investment levels reflect investor confidence in the creative energy of British Columbia's entrepreneurial leaders. Increasing levels of foreign investment indicate the global marketplace regards B.C. companies and sectors as healthy and strong.

The Ministry forecasted that B.C. would receive \$260 million of venture capital investment in 2009. Due to effects of the global economic downturn, the amount of venture capital invested in the province was \$212 million, a decrease of 18 per cent over 2008. However, the province increased its share of all venture capital invested in Canada to 21 per cent.

Ministry Response

Venture capital investment has declined worldwide as a result of the global economic downturn. In 2009, venture capital investment in North America plunged 58 per cent to \$24.3 billion. Canada experienced a similar impact with investment falling 30 per cent to \$924 million in 2009 from \$1.32 billion in 2008. The Canadian Venture Capital Association expects it may take two or three years for conditions to return to a normal investment range.

Ministry programming is ensuring innovative companies from B.C. maintain continued long term access to capital during these challenging times. In 2009, Ministry programming provided \$110 million of venture capital investment for early stage companies. These programs provide a 30 per cent tax credit for angel investors who supply money and advice to promising B.C. companies. Legislative and policy measures are under review to further streamline access to capital for innovative small businesses in the province.

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 Winter 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.

Performance Measure 2: Value of trade with Asia-Pacific

Performance Measure ¹	2008/09 Actual	2009/10 Target ³	2009/10 Actual
Value (\$) of <u>incremental</u> goods trade by B.C. companies with the Asia-Pacific	+\$3.5 BILLION ²	+\$125 MILLION ²	-\$3.9 BILLION ² NOT ACHIEVED
Value (\$) of <u>total</u> goods trade by B.C. companies with the Asia-Pacific	\$29.5 BILLION	\$29.625 BILLION	\$25.6 BILLION

Data Source: Industry Canada – Trade Data Online

¹Top row represents Service Plan performance measure, bottom row supplements performance measure to provide further context

²Total value of incremental trade in goods with Asia-Pacific

³The target was an incremental value over the previous year

Discussion of Results

The Ministry tracks the imports and exports of goods with the Asia-Pacific and other key trading partners. Trade with Asia Pacific is an indicator of the diversification of the province's economy and the relative strength of its trade relations.

In 2008/09, the value of B.C.'s total trade in goods with the Asia Pacific was \$29.5 billion. It was targeted to grow by a further \$125 million in 2009/10, however, economic impacts such as the tightening of credit and slowdowns in container traffic caused trade in goods with key Asia Pacific partners such as Japan, South Korea and Taiwan to fall by double-digit percentages. As a result, incremental trade in 2009/10 decreased by \$3.9 billion, causing B.C.'s overall value of total trade in goods with the Asia Pacific to fall to \$25.6 billion. B.C.'s results are comparable to those in Alberta and Ontario whose trade in goods also declined during the economic downturn.

Ministry Response

The global economic downturn decreased trade worldwide in 2009. Despite the overall decrease, B.C. saw growth in its total trade with China, one of the few countries that experienced continued economic growth during the economic downturn. The province continues to diversify its trading relationships; the proportion of B.C. total exports to Asia has increased steadily from 23 per cent in 2005 to 36 per cent in 2009.

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.

Performance Measure 3: Availability of BizPaL to Communities

Performance Measure	2007/08 Actual	2008/09 Actual	2009/10 Target	2009/10 Actual
Availability of BizPaL to communities	25 OF 157 municipalities	75 OF 157 municipalities ¹	160 OF 160 municipalities	86 OF 160 municipalities NOT ACHIEVED

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 of Results

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.

Ministry's Response

The 2009/10 target was not met, and was later realigned, reflecting differing priorities of some local governments with respect to BizPaL. Also, the ministry refocused resources on maintaining the integrity of the growing amount of data on the BizPaL system to ensure that it continues to be an accurate, reliable tool for all communities and businesses.

Goal 2: Capitalize on investments in research and innovation in B.C.-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.

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- 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	2007 Actual	2008 Target	2008 Actual	2009/10 Target	2009/10 Actual
Researchers in B.C. workforce per 100,000 population	519	520	DATA NOT YET AVAILABLE	530	DATA NOT YET AVAILABLE

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

Discussion of Results

The number of people engaged in research is correlated with 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.

British Columbia’s performance on this measure is better than that of the most directly comparable province, Alberta, which had 434 researchers per 100,000 of population in 2007. Ontario, with its concentration of federal and industry labs as well as several large universities and teach hospitals, had 798 researchers per 100,000 of population in 2007.

Ministry Response

The measure of researchers in the workforce has been valuable and the Ministry will continue to monitor it as new data are released. However, there remains a two to three year delay in the availability of data for this measure.

Government remains interested in the capacity of the research and innovation system but believes a measure of how that capacity is being employed may be more useful for measuring progress towards a more innovative economy. For that reason, this measure has been replaced in the 2010/11 Service Plan with a measure of business expenditure on research and development (BERD) as a percentage of gross domestic product (GDP). This measure is widely used as a proxy for innovation in the economy and also has the advantage of being comparable across international jurisdictions as well as within Canada.

Performance Measure 5: Innovative Clean Energy Fund leveraging

Performance Measure	2008/09 ¹ Benchmark	2009/10 ² Target	2009/10 ² Actual
Investment leverage ratio	2:1	3.25:1	3.25:1 ACHIEVED

Data Source: Total Project Value/Total ICE Funding

¹ Value based on data from First Call projects.

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

Discussion of Results

To optimize government's investment in clean energy technologies, project proponents are encouraged to form project partnerships that use the ICE 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. The Ministry's 2010/11 Service Plan uses this common benchmark in its targets going forward.

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 initiatives 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 streamlining 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	2007/08 Actual	2008/09 Actual	2009/10 ² Target	2009/10 Actual
Number of government-wide regulatory requirements	228,834	210,436	208,576	228,834	207,630 EXCEEDED

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

¹ A new baseline of 228,834 was established in 2004 to reflect the 36 per cent reduction in regulatory requirements from the previous baseline of 360,118 in 2001

² The government target is to maintain a zero net increase in regulatory requirements through to 2012 based on the 2004/05 baseline.

Discussion of Results

British Columbia exceeded its net zero increase target by reducing regulatory requirements below the 2004/05 baseline by 9 per cent. This year, despite the introduction of new requirements protecting public health, safety and the environment, such as the introduction of fuel standards and restrictions on using electronic devices while driving, ministries were diligent in identifying offsetting reductions to the count by eliminating or streamlining existing requirements.

Since the regulatory reform initiative was introduced in 2001, the B.C. government has eliminated more than 152,000 regulatory requirements – a total reduction of 42 per cent.

Report on Resources

Core Business Area	Estimated	Other Authorizations ¹	Total Estimated	Actual	Variance
Operating Expenses (\$000)					
Asia Pacific Trade and Investment	11,953	-	11,953	10,473	(1,480)
Small Business, Research and Competitiveness	17,263	-	17,263	16,549	(714)
Executive and Support Services	14,614	-	14,614	11,921	(2,693)
Innovative Clean Energy Fund Special Account	25,000	-	25,000	10,591	(14,409)
Total	68,830	-	68,830	49,534	19,296
Ministry Capital Expenditures (Consolidated Revenue Fund) (\$000)					
Asia Pacific Trade and Investment	-	-	-	-	-
Small Business, Research and Competitiveness	-	-	-	-	-
Executive and Support Services	901	-	901	474	(427)
Total	901	-	901	474	427
Other Financing Transactions (\$000)					
Receipts	-	-	-	-	-
Disbursements	-	-	-	-	-
Total Net Cash Source (Requirements)	-	-	-	-	-

¹ "Other Authorizations" include Supplementary Estimates, Statutory Appropriations and Contingencies. The source of the Other Appropriations amounts must be indicated in a footnote. Amounts in this column are not related to the "estimated amount" under sections 5(1) and 6(1) of the Balanced Budget and Ministerial Accountability Act for ministerial accountability for operating expenses under the Act.

Leading Edge Endowment Fund: Annual Highlights

In 2009/10, LEEF announced three new chairs, including two B.C. Leadership Chairs and one Regional Innovation Chair:

B.C. Leadership Chairs

1. Functional Cancer Imaging, UBC, Dr. François Bénard – April 2009 (had been awarded in January 2009, but was formally announced in April)
2. Macular Research, UBC, Dr Kevin Gregory-Evans – December 2009

B.C. Regional Innovation Chair

1. Sustainable Horticulture, Kwantlen Polytechnic University, Dr. Deborah Henderson – October 2009

LEEF Financial Summary, 2009-10

(\$ in thousands)	2008/09 Actual ¹	2009/10 Actual ²
REVENUE		
Grant Income ³	\$9,250	\$4,750
Interest	\$681	\$129
	\$9,931	\$4,879
EXPENSES		
LEEF Chairs	\$9,250	\$4,750
Operations	\$247	\$236
	\$9,497	\$4,986
EXCESS (Revenue over Expenses)	\$433	\$(108)
NET ASSETS (Beginning of year)	\$6,935	\$7,369
NET ASSETS (End of year)	\$7,369	\$7,261

Data Source: Leading Edge Endowment Fund audited financial statements and the Leading Edge Fund Society

¹ Figures from the Leading Edge Endowment Fund audited financial statements for the year ended March 31, 2009

² Figures provided by the Leading Edge Fund Society, subject to audit review.

³ Grant income is drawn from "deferred contributions" on hand and reported in the year a chair award is made

Annual Service Plan Report Appendices

Appendix A: Ministry Contact Information

Minister's Office

Ministry of Small Business, Technology and Economic Development
PO Box 9046
STN PROV GOVT
Victoria, B.C. V8W 9E2
Email: STED.Minister@gov.bc.ca

Deputy Minister's Office

Ministry of Small Business, Technology and Economic Development
PO Box 9324
STN PROV GOVT
Victoria, B.C. V8W 9N3

Appendix B: 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/funding/BCKDF/Pages/default.aspx

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

Leading Edge Endowment Fund: www.leefbc.ca/

