

FOR IMMEDIATE RELEASE

**Don't Forget Economic Development Amid Good Times
Technology Industry Says**

Vancouver, February 21, 2007 – The BC government should be vigilant that its desire for social spending as shown in yesterday's 2007 budget does not interfere with its responsibility to future economic development, the British Columbia Technology Industry Association (BCTIA) said today.

The association recognizes that in strong economic conditions, governments spend on housing, health and other important social needs. But the association worries that these economic good times might be clouding the governments obligations of fostering an economy of the future.

"With this budget, the BC government has clearly decided that the economy is strong enough to allow it to concentrate on social problems," said BCTIA President Rob Cruickshank. "While we understand and respect this choice, we also think the government should not let the present blind it to the future. The BC economy and the technology industry must be made sustainable so this growth can continue."

BC technology companies -- clean industries fuelled by knowledge – can provide a new path of economic growth as the resource commodity and construction driven boom declines, Mr. Cruickshank added.

BCTIA appreciates that the budget did provide some commitment to BC technology companies by extending the provincial portion of the Scientific Research & Experimental Development Program (SR&ED) tax credit until 2014. The BC portion of the federal and provincially funded tax credit program, which is much used by B.C. technology companies to fund ongoing innovation, was due to end in 2009.

While applauding the government for extending the program, Mr. Cruickshank suggested it is not enough in itself to help the BC technology sector mature into a powerful economic force.

Over the past decade, the innovation-driven technology industries have dramatically outpaced the rest of the province's economy. Total employment in this technology sector now exceeds 78,000. Many observers predict within 10 years the technology industry could form B.C.'s largest economic sector, powering the overall economy.

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The BCTIA expects that this could grow to 125,000 employees in 16,000 companies generating \$27 billion in revenue by 2011 if the sector's challenges are addressed.

Among these are financing and talent gaps that today hamper growth of the industry. Currently, most BC technology companies are small and early stage companies entering their growth stages. But if these companies do not have access to sufficient intelligent capital and talent when they try to expand, they are often forced to move or sell out to out of province companies.

To address this, the BCTIA has called for a \$150-million strategic investment fund created by government that would be matched 2 to 1 by industry. This fund would significantly increase the available venture capital market in BC, help companies grow, nurture talent, and have a significant impact on the expansion of a home-grown economic sector, Mr. Cruickshank said.

“As an industry association, we have much work to do and there are strong indications that the Government of BC will expand its focus on research and innovation. As the sector responsible for commercializing that research and innovation, we look forward to working with the Government to ensure a growing technology industry benefits all British Columbians,” Mr. Cruickshank concluded.

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