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## REPORT OF THE CHAIRMAN

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The Corporation has now completed its first year of operations but did not have premises of its own until the end of October 1974 and it was not until then that it could round out a complement of staff to meet its objectives. Accordingly, the bulk of the first year's income is from short term investment in a period of exceptionally high interest rates.

The object of the Corporation is to create, develop, and increase income, employment, tax revenue, and other economic benefits to the Province by encouraging and assisting in the establishment, expansion, and continued operation of industrial enterprises in the Province, and, for that purpose,

- (a) to provide financing by way of loans to, or purchase of shares of, an industrial enterprise, on such terms and conditions as the Corporation may consider advisable;
- (b) to assist an industrial enterprise by selling, leasing, or otherwise disposing of industrial sites, lands, buildings, or equipment to that industrial enterprise on such terms and conditions as the Corporation may consider advisable; and
- (c) to provide such other financial and technical assistance to an industrial enterprise as may assist the industrial enterprise in carrying out the objects of the Development Corporation of British Columbia Act.

To this end it enthusiastically invites applications for assistance. These are studiously considered and even if they do not meet the Corporation's criteria we are sometimes able to suggest other sources of financing.

The Corporation will accept applications of any size commensurate with its investment limit which presently is \$100 million in the aggregate.

The Directors continue to formulate policies and realize that these must be capable of modification as the winds of change dictate. Some of the

policies already adopted are that the Corporation

- favours applications from enterprises that are new and innovative and encourages the development and demonstration of entrepreneurial skills by British Columbians
- favours enterprises that are labour intensive and are neither socially nor economically objectionable
- favours enterprises that have proved the marketability of their products or services
- does not seek equity control. In cases where a minority position is taken, the Corporation encourages the repurchase of the shares as soon as possible after the enterprise has repaid its loans or extinguished the guarantee
- will not give grants or make forgivable loans
- will not provide financing if the sole purpose is to replace existing financing or effect a change of ownership
- is not a lender of last resort but whenever possible will co-operate with the chartered banks, Industrial Development Bank (Federal Business Development Bank) and other financial institutions to provide shared assistance
- will guarantee loans of other institutions only if the Corporation provides additional financing by way of loan or equity participation
- will assist enterprises that are not labour intensive if it can be shown that they create a ripple effect in other parts of the economy
- will not interfere with management unless it perceives an urgent necessity to participate in major decisions; it will, however, give assistance to management to the extent that its facilities shall permit
- will assist new or established enterprises including non-residents who wish to locate in British Columbia
- will maintain close liaison with the Department of Economic Development.

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## REPORT OF THE PRESIDENT

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The British Columbia Development Corporation was formed to assist the British Columbia business community and to encourage growth in the economic fibre of the Province.

As a member of the financial community in British Columbia, the Corporation is involved in analyzing business opportunities in the private sector, in encouraging sound management and business skills, in assembling and developing land for industrial use and in providing financial assistance to companies which satisfy our criteria. It must be stated, however, that unlike development corporations elsewhere, the British Columbia Development Corporation is not a "lender of last resort".

At present the Corporation has twenty-three employees. The major divisions are the Loan Department including the Small Business group, the Management Support Services Department and the Land Development Department.

To date loans ranging from \$20,000 to \$900,000 have been made by the Corporation. Loan officers visit various communities throughout B.C. to meet with businessmen to assess their needs and discuss their problems. This work generates leads which are followed up by our staff. In many cases these visits also provide businessmen with sound financial advice and counselling without obligation or commitment. To date, through this programme we have directly assisted in the creation of over 400 new jobs in British Columbia. This does not take into account the number of indirect jobs created as a result of this industrial expansion.

We cannot stress too highly the importance of the role which the Corporation plays in providing assistance as well as loans. It is a recognized fact that many business failures are due not to a shortage of money, but to a lack of sound management skills and business expertise.

We hope that through our efforts we will be able to assist business management in B.C. to

improve its skills and thereby develop a healthy and expansive business climate.

Our Management Support Services Department is another indication of the importance which we place on good management.

Elsewhere in this report is presented a detailed outline of the programme initiated by this Department. Suffice it to say, we are co-operating with schools and colleges throughout British Columbia to encourage them in the development and expansion of their business management programmes. Thus far we have helped to promote over 200 business courses throughout the Province attended by more than 2,500 students.

While formal management training is not an essential requirement for our involvement with a company, we are encouraged by the obvious interest in these courses which has been generated by our promotional activities.

The third major area with which we are concerned is land development. The high cost of serviced land was seen as a real barrier to the growth of industry in British Columbia. It should be stated, however, that the Corporation is not in the land banking business. We will only acquire land where we can see an immediate need or demand. The land which we assemble and develop must be used for the highest and best use, and it will be leased at reasonable rates. We believe that the availability of good, serviced land for industrial purposes at rates which industry can afford, may make the difference between development going ahead or not going ahead, and the creation of new jobs, a primary function of the Corporation.

Thus far we have acquired land in Prince Rupert, Delta, Surrey, Agassiz and Merritt, and have made an offer to purchase land in Kamloops.

We like to think of ourselves as being well informed business and financial managers responsible to the social as well as economic needs of the community.

With this as our continuing objective, we believe the result will be solid business growth for British Columbia.

From the Reader of the Conference on Alternative State & Local Public Policies held June 10-13, 1976 in Austin, Texas. The reader was edited and compiled by Derek Shearer, California Public Policy Center Los Angeles, California and Lee Webb, Professor of Public Policy, Goddard College Plainfield, Vermont.

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