

# DESPITE THE DOWNTURN, THE HIGH-TECH SECTOR IS STILL REGARDED AS A SIGNIFICANT CONTRIBUTOR TO THE BC ECONOMY

*The high-tech sector is seen to be in much better shape than the overall provincial economy, and is expected to be an even larger contributor in the future.*

A jointly issued BC TIA/Ipsos-Reid Poll



**Public Release Date: July 15, 2003**

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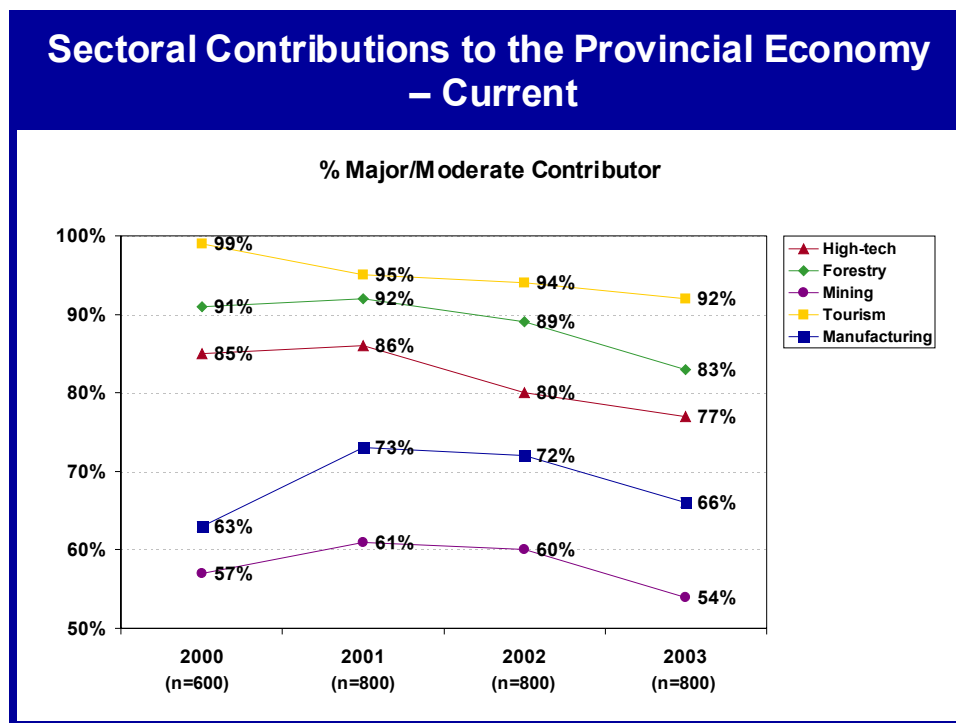
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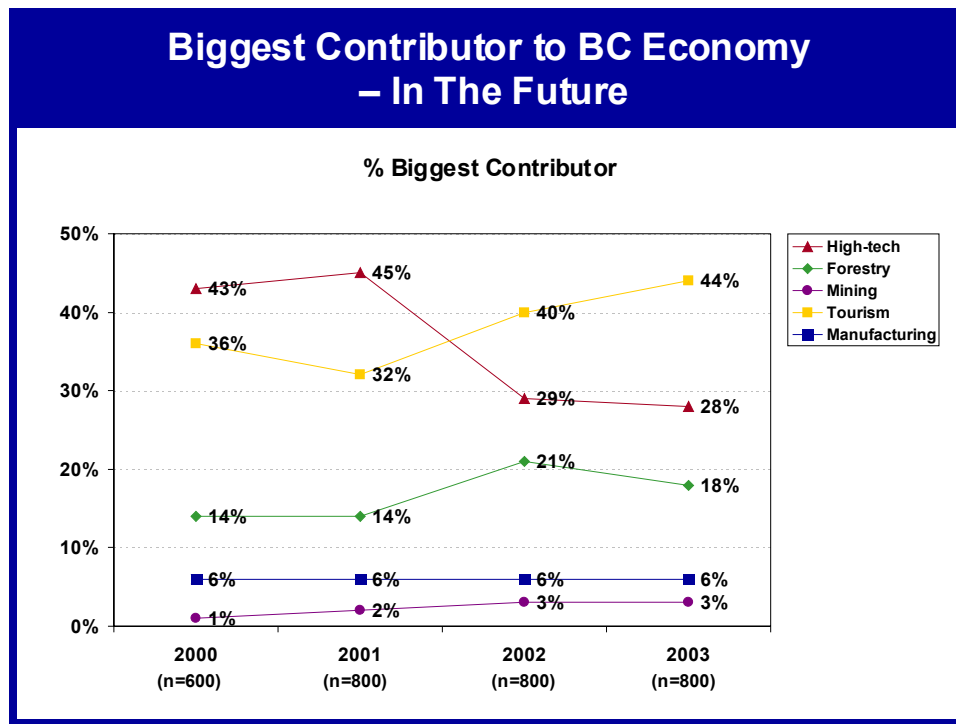
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**Vancouver, BC**— A poll jointly released by Ipsos-Reid and the BC TIA (BC Technology Industries Association) conducted in May of this year shows that 77% of British Columbians rate BC's high-tech sector as a "major" (35%) or "moderate" (42%) contributor to the overall well-being of the BC economy. The high-tech sector (77%) ranks solidly behind tourism (92%) and forestry (83%) as major contributors to the provincial economy, ahead of manufacturing (66%) and mining (54%). While the perception of the contribution of high-tech has moved down from the heights experienced in May 2001 (86%), the downturn in the economy is also likely to blame for the decreased contribution of all other sectors as well.



Looking ahead, 28% of British Columbians expect the high-tech sector to be the biggest contributor to the BC economy in the future, second to the proportion who mention tourism (44%), but surpassing forestry (18%), and well ahead of either manufacturing (6%) or mining (3%).

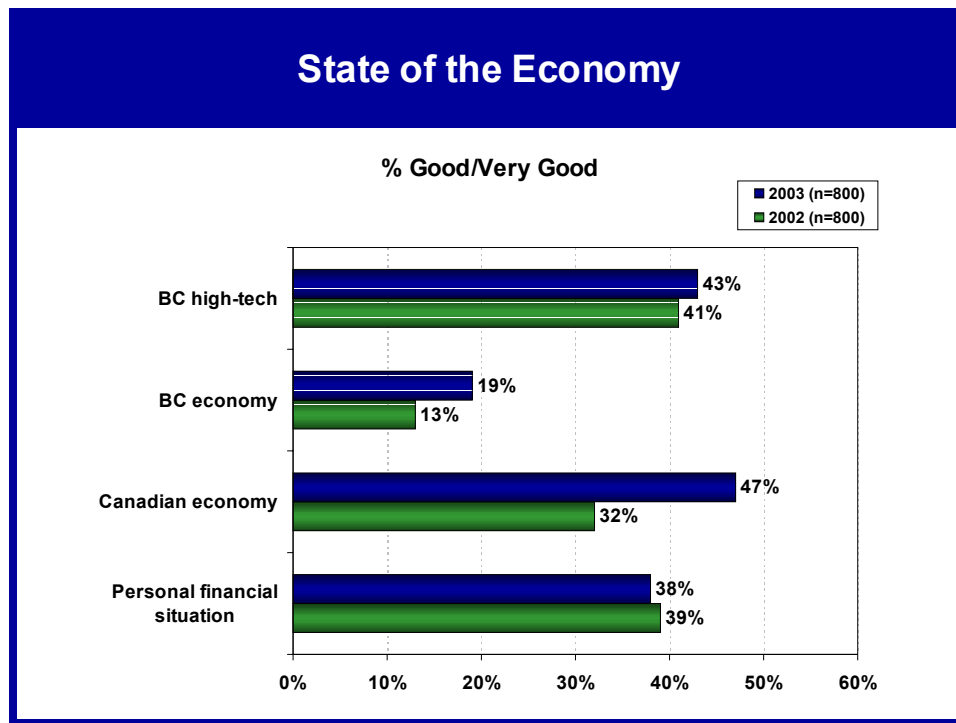
Relative to waves of this identical poll in previous years, high-tech has lost ground in terms of future contribution, dropping from 45% in the peak of 2001 to 28% currently; whereas tourism has increased from 32% to 44%, and forestry has recovered slightly from 14% to 18% in the same time period. The perceived future contribution of forestry and mining has remained static over a four-year period.



“British Columbians still have a very positive impression of BC’s technology industry, despite the downturn in the sector,” says Steve Mossop, Senior Vice President of Ipsos-Reid in Vancouver. “The perceived existing and future contribution of this sector still surpasses its actual contribution by a wide margin.”

The BC high-tech sector appears to be in much better health than the local economy overall, as British Columbians feel that the BC economy continues to sputter. Only 19% describe the state of the BC economy as being in good shape or in very good shape, compared to 43% who feel the same way about the high-tech economy. While perceptions about the state of the BC economy have edged up from its bottom last year (13% to 19% good/very good), it lags significantly behind perceptions of the Canadian economy, which has rocketed ahead from 32% last year to the current reading of 47%. Perceptions of the BC high-tech economy haven't changed significantly since last year.

Looking to the future, British Columbians are very optimistic about the improvements expected in the Canadian economy (52%) and the high-tech sector (50%), but are slightly less optimistic about the BC economic recovery (46%).

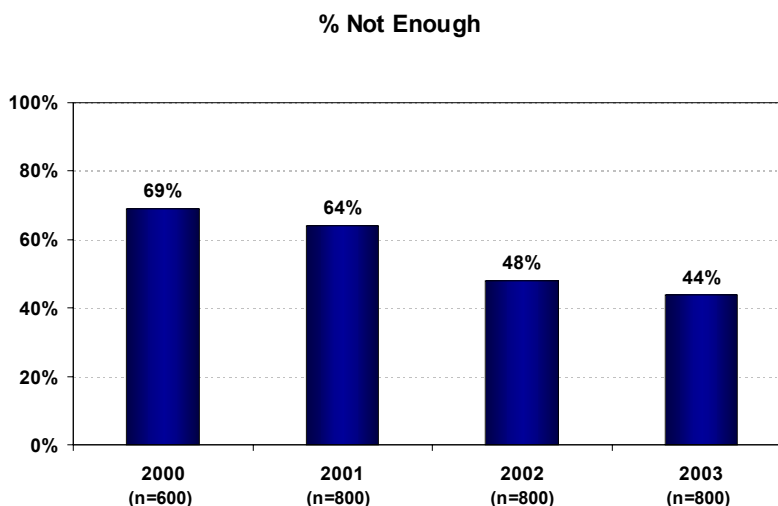


“The past few years have been difficult for the global technology industry. These difficulties have had an impact on the BC industry but to a lesser extent than many other technology communities. Importantly, the people of BC understand the important role the high-tech industry plays in the economy of the province,” says George Hunter of BC TIA. “The biggest impact the current economic difficulties have had is in the ability of companies to raise capital, a key component to succeed in high-tech.”

British Columbians are split on whether the BC government is doing its part to help high-tech in BC. Forty-five percent say the provincial government is doing their part to support high-tech in BC. At the same time, 44% say that the government is not doing enough (10% don't know, 1% think they are doing too much). The proportion who feel the government is not doing enough is down from 69% when this question was asked 3 years ago when the NDP held the reigns.

There are still significant barriers to doing business in the high-tech sector, the most important of which is the 'brain drain' phenomenon (49% rate it a “6” or a “7” on a 7-point importance scale), followed by high personal taxation levels (30%), government funding of advanced education (28%) and training (27%). Other barriers include recruiting qualified employees (21%), capital gains tax (20%), corporate taxation levels (20%).

## Government Doing Enough to Support High-Tech?



*This jointly issued BC TIA/Ipsos-Reid study is based on 800 telephone interviews from the BC Reid Express omnibus survey. Interviews were conducted between May 5 and 12, 2003 with residents from throughout British Columbia. These data are statistically weighted to reflect the actual age and gender of the British Columbia population and are balanced by region.*

*With a provincial sample of 800, one can say with 95% certainty that the overall results are within  $\pm 3.5$  percentage points of what they would have been had the entire BC population been surveyed.*

- 30 -

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