



**Baseline and Targeted Investment Initiative ('BTII'):
Proprietary Economic Modeling and Impact Analysis**

Briefing Paper

Baseline and Targeted Investment Initiative ('BTII'):
Proprietary Economic Modeling and Impact Analysis

BTII generates statistically sound assessment tools that quantify regional and resource economic sector strengths, and provide an assessment of the relative ability of opportunities to be implemented.

This economic modeling process is leading edge.

Proprietary software and innovative economic modeling methodology, data and statistics from well - established sources are used as baseline information in generating a series of 'economic snapshots' and 'economic predictive' outputs.

The methods are repeatable, and the results highly comparable between time periods, or between Regions of BC.

Any Region, Regional District or grouping of communities, can be analyzed.

The BTII economic development package can be applied to any Region within Canada or the US.

Designed, Developed and Copyrighted by, and Proprietary to



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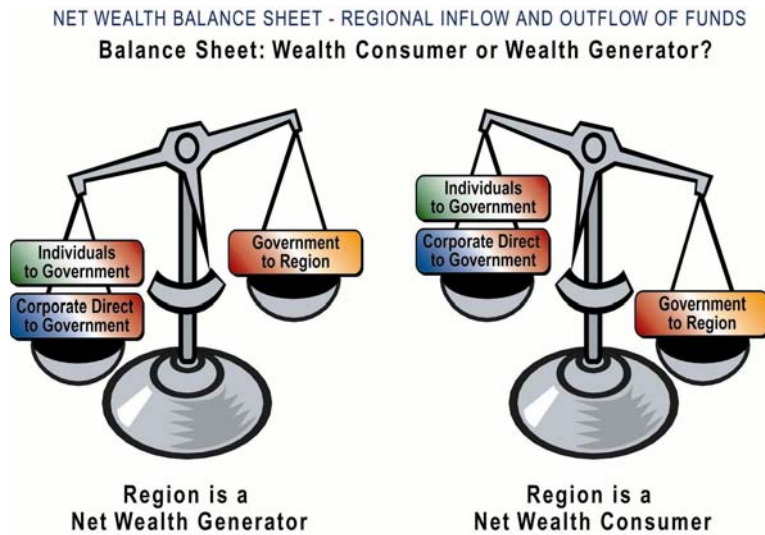


Why Has BTII Been Developed?

- Provides and quantifies a Regions' economic health, well being and future development:- key growth areas, wealth, specific opportunities to pursue and their 'readiness' for implementation, future job creation, future ability of Region to generate economic wealth, where a community or Region is heading and how to get there
- Need to make sense of the host of statistics and data available, and present it all in a user - friendly format
- Uses predictive software (proprietary) and provides the ability to look at the future growth of a Region
- Measures 'change', i.e. if 25 jobs created in tourism, how will that impact all other economic sectors in the Region, including government jobs and services, retail, tourism service providers, transport, etc. Measures the entire 'trickle down' impact.
- By reviewing, taking the best of, analyzing and cataloging all past reports and studies, this avoid 'ad hoc' projects and report duplication. Cost savings, as well as an exceptional resource of Economic planners. Link past studies and reports to the development of an 'economic map', which has not been possible in the past.
- Provide the means to effectively monitor and report on the regional economic impact and payback of key initiatives
- Establish a performance baseline against which performance can be measured
- Identify economic trends, and the highest priority initiatives within those sectors
- Scores identified opportunities with an 18 point readiness model, and identifies what still needs to be done to make these opportunities 'happen'
- Provide a vehicle to best coordinate the planning and delivery of economic development between Regions and communities
- Marketing tool for Region or community in dealing with outside investors or corporations
- Provides information, profile materials and trends analysis never available before
- Helps 'focus down' on sectors and opportunities that can make a difference in the economic growth and well being of a Region or community

What Exactly are the Components / Modules of the BTII

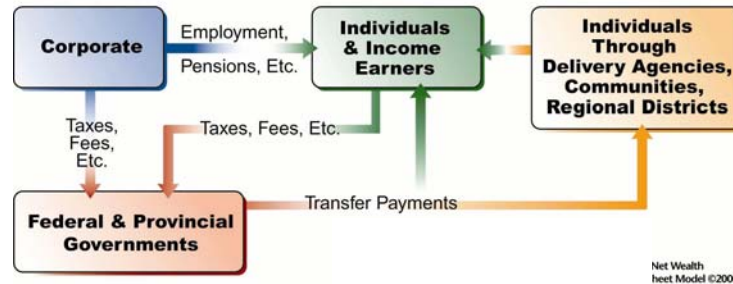
(Report 1) Regional Net Wealth Balance Sheet



Description	<ul style="list-style-type: none"> Proprietary Assessment Model : 'Wealth Generators' versus 'Wealth Consumers', and a Quantification as to what a Region is Contributing to the Provincial and Federal Economies Regional Inflow and Outflow of Funds
Deliverables / Outputs	<ul style="list-style-type: none"> Inputs all monies flowing into, and out of a Region, all basic and non-basic sectors Net result clearly shows if a Region generates revenues for the Province in excess of what funding it receives from the Province, or vice versa Dramatically Improved access to information
Anticipated Uses and Applications	<ul style="list-style-type: none"> Quantifies economic strengths of a Region (or group of communities) Effective tool to compare economic snapshots over consecutive time periods Statistically sound measurement of economic well being Assess the economic needs (or 'neediness') of any Region Provides users with the ability to focus on priority economic sectors Help plan and justify economic programs and policies

Baseline and Targeted Investment Initiative ('BTII'): Proprietary Economic Modeling and Impact Analysis

NET WEALTH BALANCE SHEET - REGIONAL INFLOW AND OUTFLOW OF FUNDS
Simplified Overview



Example: NWBS Application to the Central Coast Region

	1996	2001
Inflow of Funds from Government	47,267,467	53,082,133
Outflow of Funds to Government	52,122,548	37,287,197
Net Wealth Generation (Consumption)	4,855,081	(15,794,936)

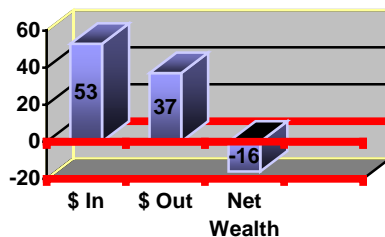
In 1996, the Region received \$47 million from government while, at the same time, generated \$52 million for government. The Region was a Net Wealth Generator of \$ 5 million.

In 2001, using the exact same data model, the Region received \$53 million from government, while generating \$37 million in funding for government. As such, the Region was a Net Wealth Consumer of \$16 million.

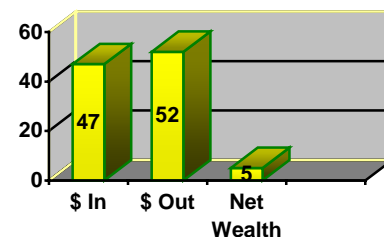
Within that five year period, the Central Coast Region's economy was transformed from a 'Wealth Generator' to a 'Wealth Consumer'.

The Region's economic generating ability has been reduced by \$21 million between the years 1996 and 2001, or, in other terms, a reduction of 4.25 times its 1996 'Net Wealth Generation' level.

2001 Net Wealth Balance Sheet
(\$,000,000)



1996 Net Wealth Balance Sheet
(\$,000,000)



(Reports 2 and 3) 'Annotated' as well as 'In-Depth' Reviews of Opportunities from Past Studies and Reports

<p>Description</p>	<ul style="list-style-type: none"> • Inventory and Assessment of Regional Economic Development Reports and Studies • Opportunities for Resource Based Economic Development • Commonality and Key Findings regarding Opportunities • Recognize and build upon the extensive Regional and community economic development strategic planning work completed (and paid for) to date
<p>Deliverables / Outputs</p>	<ul style="list-style-type: none"> • In - Depth Strengths - Weaknesses - Threats, Opportunities, Action Plans and Economic Benefits as Derived from all Identifiable Studies and Reports carried out for the Region
<p>Anticipated Uses and Applications</p>	<p>Accelerated and expanded economic opportunities - Potential 'head start' on opportunity implementation by building on existing work</p> <ul style="list-style-type: none"> • Use of already developed economic opportunities and strategies, generated at significant cost to the government, and generally already bought into by Regional stakeholders • Economic building blocks • Limiting the need to 're-invent the wheel' • Cost savings for government, i.e. no need to duplicate consulting studies

(Report 4) Evaluation of Opportunities

<p>Description</p>	<ul style="list-style-type: none"> • Evaluation of economic sectors, and specific opportunities • Measuring the 'Implementation - Readiness' of Opportunities • Business Case Analysis regarding Specific Identified Opportunities
<p>Deliverables / Outputs</p>	<ul style="list-style-type: none"> • Determines how advanced any Region is along the economic development process • Quantifiable assessment of all identified economic opportunities. Each of these is weighted, depending on their relative importance to the potential success of the opportunity
<p>Anticipated Uses and Applications</p>	<ul style="list-style-type: none"> • Determines what actions still need to be undertaken and completed as a Region (or community) carries out economic development initiatives, or prepares to do so • Acts as Economic Development Action Plan for planners, Regions and / or communities • Opportunity resource bank for economic planners • Gaps analysis

(Report 5) Analysis of Regional Employment

Report	Contents
Description	<ul style="list-style-type: none"> • Employment, by Sector (1996 and 2001) • Regional Economic Ratios (Dependency, Diversity, Vulnerability) • 'What If' Employment Impact Proprietary Model that Estimates 'Trickle - Down' Employment Change Throughout the Region as a result of any Change in any one or more Sectors • Projected Basic Sector Future Employment Change • Basic Sector Future Employment, by Economic Sector • Future Employment Impact on Regional Net Wealth Balance Sheet
Deliverables / Outputs	<ul style="list-style-type: none"> • Excel - based template. By inputting all of community dependency indices and ratios, a 'background template' is modeled for each BC Region (or community(ies)) • Allows inputting of potential employment changes (e.g. 15 jobs to be lost in forestry, 25 jobs gained in tourism), and the program calculates the 'trickle - down' effect throughout the entire economy of the Region, all sectors. It further calculates employment impact with and without expected out-migration of the workforce.
Anticipated Uses and Applications	<ul style="list-style-type: none"> • Unlimited 'what if' analysis developed for different BC Regions or communities • Employment impact predictions based on anticipated or realized economic changes • Economic 'hot spot' planning tool • Ability to anticipate positive or negative economic change • Human resource planning • Justification tool to focus efforts and direct programs and funding on specific economic sectors and in specific BC Regions • Help plan and justify government programs and policy development

" MSRMR presented the Central Coast Regional District body of work at a local forum last week. Bravo and thanks!! Without question, the work will be a fundamental document in the assembly of our strategy."

David Anderson, Economic Development Officer, Central Coast Regional District

What, Again, are the Main BTII Deliverables?

- Quantifies economic strengths of a Region (or community)
- Effective tool to compare economic snapshots of consecutive time periods for any one BC Region
- Ability to compare any number of BC Regions based on pre-established yardsticks
- Statistically sound measurement of economic well being
- Assess the economic needs (or 'neediness') of any Region
- Provides the ability to focus on priority economic sectors
- Unlimited 'what if' analysis that can deliver employment impact predictions based on anticipated or realized economic changes
- Economic 'hot spot' planning tool
- Ability to anticipate positive or negative economic change
- Human resource planning tool
- Justification tool to focus efforts and direct programs (and funding) towards specific economic sectors and in specific BC Regions
- User - friendly opportunity / initiative assessment tool that can be put at the disposal of all government planners and program delivery providers
- Provides a pre-screening tool as a first stage in assessing opportunities
- Clearly identifies the strengths of initiatives, and where a project falls short (weaknesses, risks, threats)
- Provides the stepping stone for Action Planning
- Can facilitate economic opportunities for communities and First Nations by focusing on more realizable ventures and providing a tool for pre-screening initiatives
- Provides baseline for job projections for CIII
- Basis for multi - year community and regional business and economic planning
- Provides insight into various program funding approvals, as well as which projects to support based on their implementation - readiness determined
- Cost saving, as BTII saves on the duplication of costly government funded consulting studies
- Economic reporting tool for high level government briefings

What Methodology Forms the Basis of BTII?

- Community, 'ground - up driven' as stakeholders have had significant input into the reports and identified opportunities that BTII works with. This includes community forums that have been carried during the course of these past studies.
- BTII seeks data and input directly from credible sources:
 - *Key regional stakeholder interviews*
 - *Local / provincial and federal government agencies and ministries*
 - *BC Stats*
 - *Internet research*
 - *Canada Census Data*
 - *Statistics and data developed in other reports and socio - economic studies*
 - *'Rural and Resource Community Dependency Ratios', Garry Horne, 1996, 1999, 2003*
 - *Community Profiles*
 - *HRDC Sector and Labour Profiles*
 - *Ministry of Education*
 - *Ministry of Health and Welfare*
 - *Aboriginal and Indian Affairs*
 - *Revenue Canada*
 - *Ministry of Forests*
 - *Corporate Portfolios and Annual Reports*
 - *Numerous other sources (identified in detail in the BTII delivered reports)*
- BTII utilizes proprietary economic model development and software, developed and copyrighted by Synergy Management Group Ltd., a BC based Business and Economic Development Consulting Firm. The results of each of the BTII outputs / reports are legally assigned to the funder (government), as is their right to share and utilize the information, as deemed fit.
- Assessment of BTII has been carried out by both BC Stats and Garry Horne, as well as others. All have found the approach as 'refreshingly new, creative and credible', and agreed with the overall approach and outcomes
- Economic Development Planners, EDOs and regional and local government, within the three Regions already completed, concur with the above.

How to Best Summarize BTII?

- BTII provides a targeted approach to an economic strategic direction
- Identifies projects most likely to proceed
- Identifies projects most likely to achieve key deliverables, milestones and successes
- Identifies projects most likely to attract private investment
- Identifies projects most likely to attract federal, provincial or other co-funders