

Clean technology emerges as driver of B.C. economy

Employment, revenues, number of firms in sector on the rise, report says

By Scott Simpson, Vancouver Sun



VANCOUVER - The clean technology sector is emerging as a strong, positive force in the British Columbia economy, according to a new report from KPMG

The accounting and consulting firm says there are 202 "pure play" clean tech firms in B.C., and they will generate \$2.5 billion in revenue in 2011 -before spinoff economic benefits are factored in.

That's a 57-per-cent increase in revenue compared with 2008, KPMG said in the report, which will be released today in Vancouver at an "energy roundtable" that looks at clean technology as "an engine of economic growth."

Report author Lorne Burns, a KPMG partner based in Vancouver, forecasts that the sector will grow to 8,400 employees in 2011, up 16.5 per cent from 2010, with an average salary of \$77,000. That's an employment and salary profile comparable with B.C.'s mining industry.

"That comes out to more than half-a-billion dollars in payroll to B.C. families," Burns noted Tuesday in an interview.

Despite the recession, the industry still raised \$840 million in capital over the last 24 months, he added.

One in three clean tech companies is involved in energy generation technology -not including independent power production -and a further 29 per cent focus on other aspects of the energy sector.

The remaining third are involved in resource management, including water and waste.

"The survey shows you that the companies are technology driven. This industry can be very important as we move forward -and it's creating really good jobs. There is science, technology, engineering. It's the type of jobs you want your kids to have, your families to have."

It's a young sector as well - 68 per cent of the companies responding to the survey were formed in the past 10 years.

Some companies are familiar, such as Ballard Power Systems and Westport Innovations. Others are recent entrants, such as Pulse Energy, which has attracted global attention for its electrical system management equipment since it was trumpeted by the province during the 2010 Winter Olympics.

The B.C. numbers reflect a global trend, noted Jonathan Rhone, chair for the BC Cleantech CEO Alliance, which worked with KPMG to develop the report.

From 2004 to 2010, global investment in clean tech grew from \$52 billion to \$243 billion, Rhone said.

"This clean tech sector is a fast growing, knowledgebased, technology export sector and it's made up of a lot of relatively small-and mediumsized companies. Two thirds of the companies didn't even exist 10 years ago, so it has been a pretty rapid growth rate," said Rhone, CEO of Nexterra Systems.

"We sat down with KPMG and said we want to get this message out, and get the facts right, and make sure the industry, the public and the government have the data points on what this industry is all about and its potential to create more jobs and attract more investment in British Columbia.

"The other key message, as we continue to think about building the sector, we are building an industry that is selling internationally into a dramatically growing international market.

"That's spending on everything from wind farms to geothermal plants to biomass plants to clean transportation systems. So you see this dramatic rise and as a consequence our industry is growing dramatically to supply this demand internationally with new products and technologies."

The United States is forecast to account for 60 per cent of clean tech revenues through 2010 and Rhone believes B.C. is in a good position to benefit from that market.

"The opportunity for British Columbia is to become the most competitive place in North America and one of the most competitive places in the world to attract private capital to build technology companies that are going to supply a global market."

B.C. is a small market for these companies, but an important market for commercialization, Rhone said.

"Part of commercialization is attracting global multinational partners. What we are seeing is a huge trend in our industry that the multinationals are really getting into this game because they see a lot of money to be made.

"If you look at the names of the companies that are partnering with B.C. companies -such as Walmart and GE -it's a very impressive list.

"Some will provide capital. Some will provide access to customers.

"Some will provide joint product development and some will be joint venturing with our companies."

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