



BULLETIN

BC Labour's initiative: the Working Opportunity Fund

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by MAUREEN WHELAN

Each year around this time, The Report features an advertisement for the Working Opportunity Fund (WOF) as members gear up to invest in their RRSPs. Some of you may wonder what's the connection between HSA and WOF.

Ten years ago, HSA joined with six other labour organizations to form the Working Enterprises Group to enable us to jointly sponsor WOF as a venture capital corporation. Under the bold direction of Ken Georgetti, the then President of the B.C. Federation of Labour, unions like CUPE (Canadian Union of Public Employees), BCGEU (BC Government & Service Employees' Union), OPEIU (Office & Professional Employees' International Union), PSAC (Public Service Alliance of Canada) and USWA (United Steelworkers of America) funded a small pool of money to get the Fund started with David Levi at the helm. From the initial investment of \$400,000 to the first investee company in 1992, WOF's investment portfolio has grown to more than \$200 million today.

Labour sponsored venture capital corporations (LSVCCs) must be sponsored by labour organizations. They are investment funds capitalized by a large number of individual shareholders, whose incentive to invest is encouraged by the provision of federal and provincial tax credits in exchange for committing their capital for eight years to start up small and medium-sized business. Investors may invest up to \$5,000 annually and receive a 30 per cent tax credit. Those who buy WOF shares as an RRSP contribution receive the greatest savings. For example, a person with an income of \$35,000 - \$55,000 receives \$3,125 of a \$5,000 contribution back in tax savings. These substantial tax savings, combined with a healthy return on investment (10.39 per cent annual compound from January 1992 to December 2000), has propelled WOF into the largest venture capital corporation in BC.

As one of the founding unions that took the risk of sponsoring WOF, HSA is proud of the contribution the Fund has made to the province.

Our efforts have made an impact on diversifying BC's economy into up and coming industries that provide opportunity and jobs well into the future. The Fund has created more than 3,500 jobs in the province and generated substantial revenue for our governments. WOF is a real success story today with more than 45,000 shareholders and 500 million dollars in assets.

Closer to home, WOF's success over the decade has meant that labour's company, Working Enterprises (WE), has real and substantial income to fund initiatives to further our goals. On behalf of HSA, I sit on the Board of WE and WOF to direct and oversee their activities and investments. It is exciting to collaborate with our sister unions to put our financial resources to work for working people. We will report on WE and our major projects in future editions of The Report.

Meanwhile, don't wait if you are interested in investing in WOF in recent years, the Fund has been sold out before the end of the RRSP season!

Maureen Whelan is HSA's Executive Director of Operations.

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