



CANADA'S VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION
ASSOCIATION CANADIENNE DU CAPITAL DE RISQUE ET D'INVESTISSEMENT

March 16, 2009

Premier Dalton McGuinty
Government of Ontario
Legislative Building, Queen's Park
Toronto, Ontario
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On behalf of Canada's Venture Capital and Private Equity Association (CVCA), I would like to draw your attention to the critical situation facing Ontario's venture capital industry. The current severe economic downturn is further exacerbating an already difficult fund raising and investing environment and risks compromising our collective ability to fund the industries of tomorrow.

Venture capital (VC) firms generally focus on entrepreneurial and fast growing small businesses in the technology arena, including information and communications technology, life sciences and biotechnology, alternative energy and clean tech. Perhaps the best known Canadian VC success story is Research in Motion, which has fundamentally changed the way we work and communicate while at once creating tens of thousands of jobs and serving as an engine for Canada's economy.

The CVCA has recently released a study on the economic impacts of venture capital. This study has been led by the CVCA with the financial support of Ontario, several other provincial governments and the federal government. This study clearly shows that venture capital in Canada has resulted in the creation of close to 150,000 jobs and an additional 1% to Canada's GDP. In addition, according to the Information Technology Association of Canada (ITAC), 700,000 Canadians work in the broader information technology and communications technology sectors.

This record reflects the specialized business-building skills that Canada's venture capital firms bring to their portfolio companies. It is also a measure of our long-term focus, astute risk management and strong sense of corporate responsibility and accountability to stakeholders.

While the venture capital industry has been a key driver of Ontario's prosperity, our members are currently facing significant challenges that we believe require government action. At a time when our economy urgently needs new success stories like RIM, ATI, Open Text, Cognos and Corel, we believe that it is vital for the government to address the:

- Current lack of funding available to bridge the gap between research and development and the commercialization of promising technologies;
- Existing obstacles to foreign investment