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PRESS RELEASE

### **CVCA Calls for Government to Support Increased Commercialization of Research and Development**

Toronto: Today the CVCA — Canada's Venture Capital & Private Equity Association — issued a call to all federal political parties to support programs that will prioritize and drive the commercialization of new technologies currently being developed by entrepreneurs, small private companies, universities and Canada's network of Centres of Excellence.

Canada's venture capital sector fosters emerging companies that will contribute to future jobs and national prosperity. A strong commercialization support program would complement the venture capital sector's efforts to ensure that more of these enterprising companies are able to realize their full potential.

“Canadian investment in innovation is dramatically below what is required for Canada to effectively compete on the international economic stage,” said Gregory Smith, President of the CVCA and President of Macquarie Capital Funds Canada Ltd. “Venture capital is the lifeblood of most successful start-ups and is critical to advancements in life sciences, high tech, biotech and clean tech in Canada and around the world. We must do more to ensure that additional sources of venture capital and other funding support are available if Canada is to compete as a major player in the global, knowledge-based economy of the 21<sup>st</sup> century.”

Between 2002 and 2007, venture capital investment in early-stage Canadian companies dropped 42%<sup>1</sup>, a trend that is continuing in 2008.

The CVCA recommends a series of practical, modest initiatives that could be implemented by the federal government to help spur the investment needed to support these companies as they work to commercialize Canada's multi-billion dollar annual investment in research. The recommended initiatives include:

- Improving the Scientific Research and Experimental Development program (SR&ED) tax credit program, which would effectively stimulate the growth of small companies;

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<sup>1</sup> Source: Thomson Reuters



- Setting up a third-party managed fund of funds similar to those funds recently established in Alberta, British Columbia and Ontario to help fuel the growth of vibrant, leading-edge companies;
- Enabling greater use of government procurement/offsets to encourage domestic as well as foreign multinational investment in Canadian venture capital funds; and
- Creating an incentive for large Canadian corporations to invest in Canadian VC funds, where an investment in a VC fund would receive the same tax treatment that is currently available for in-house research and development.

“We call on all parties to recognize the pivotal role that emerging companies play in Canada’s economic renewal,” Mr. Smith continued. “Helping these companies to successfully commercialize Canadian research is essential to our national productivity and to enhancing Canada’s place within the global economy. We look forward to working together on prudent measures that will ensure a vibrant venture capital industry and new investment in innovation.”

*The CVCA was founded in 1974 to provide services in such areas as law, finance, executive search, investment bank, insurance, consultants, advisors, government and academia. Its membership of 1,500 includes venture capitalists, institutional investors, pension funds, corporate investors, private equity investors, angel investors, as well as advisory members. More information on the CVCA is available at [www.cvca.ca](http://www.cvca.ca) .*

- 30 -

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