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FOR IMMEDIATE RELEASE

Ontario Venture Capital Measures: A Step Forward

TORONTO: The measures announced today by Premier McGuinty constitute an important step forward in addressing the critical issue of access to venture capital in Ontario for the high growth, high value-add small and medium-sized businesses that we need for our future prosperity, said CVCA- Canada's Venture Capital and Private Equity Association.

These measures complement the Ontario government's earlier decisions to establish the Ontario Venture Capital Fund and the Ontario Emerging Technologies Fund that together have already increased the supply of capital to funds and companies in the province.

The CVCA has supported a variety of initiatives designed to increase the supply of venture capital proposed by various provincial and federal governments, including the Teralys fund in Québec, the anticipated Atlantic Venture Capital fund, the B.C. Renaissance fund and the Alberta Enterprise fund.

There is a shortage of venture capital in Ontario and in Canada and this shortage is constraining the growth prospects of our most promising companies that receive less than half the capital of their US counterparts. This situation is forcing many of our companies to compete with their counterparts from China, the US and India with one hand tied behind their back.

And, unless steps are taken to address this situation in Ontario and across Canada, then things will only get worse.

Encouraging domestic and international corporations to invest in venture capital funds will increase the supply of venture capital available to deserving entrepreneurs, thereby increasing the chances that these entrepreneurs will stay in Ontario, and Canada, and not be forced to move abroad.

As well, the angel tax credit measure will further increase the supply of risk capital to early-stage firms. A strong angel presence is an important component of the risk capital ecosystem and angels and venture capitalists often work hand in hand to grow the most promising companies.

The CVCA encourages governments across Canada to make innovation the centerpiece of economic policy and to consider robust measures for kickstarting the risk capital ecosystem.

CVCA

The CVCA - Canada's Venture Capital & Private Equity Association, was founded in 1974 and is the association that represents Canada's venture capital and private equity industry. Its over 1900 members are firms and organizations which manage the majority of Canada's pools of capital designated to be committed to venture capital and private equity investments. The CVCA fosters professional development, networking, communication, research and education within the venture capital and private equity sector and represents the industry in public policy matters.

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