

## Technology

September 26, 2016

### CVCA Publishes Submission to Innovation and Growth Agenda

#### Summary

The Canadian Venture Capital Association (CVCA) recently made its Submission to the Federal Government's Innovation and Growth Agenda (the "Submission"). The Submission responds to a call made earlier this year by the Minister of Innovation, Science and Economic Development for input from Canadians on six areas of action relating to entrepreneurship, growth, and productivity. This input will be used to develop the Minister's Inclusive Innovation Agenda and give effect to his vision of Canada as a global centre of innovation.

The CVCA represents individuals and firms participating in the venture capital and private equity industry, and seeks to increase industry awareness through market research and networking opportunities. CVCA members invest in and mentor Canadian companies across innovation and growth sectors.

In preparing the Submission, the CVCA held a series of roundtables and consulted with hundreds of industry participants. The Submission considers (i) the contribution of venture capital and private equity to innovation, productivity gains and growth in Canada and the U.S.; (ii) gaps between the Canadian and U.S. venture capital landscape; and (iii) recommendations to enhance Canada's innovation and growth agenda.

#### Key Recommendations

##### *Venture Capital Action Plan 2.0*

A key recommendation of the Submission addresses financing problems for high growth innovative companies and proposes that the government establish a second phase of the Venture Capital Action Plan (VCAP) referred to in the Submission as "VCAP 2.0".

VCAP successfully attracted private capital to the venture capital industry. VCAP 2.0 would, according to the CVCA, reinforce the financing chain and provide the continuity needed for scale-ups and increased self-sustainability in the Canadian venture capital industry.

As part of VCAP 2.0, the Submission suggests that the government (i) identify performing managers funded by VCAP to help move them forward; (ii) support larger funds and special growth funds to scale-up companies; and (iii) embrace new managers to build the industry. To preserve the foundational progress made, the Submission insists that VCAP 2.0 be implemented before 2018, as VCAP will be fully committed by mid-2017.

##### *Talent and Immigration*

Another key recommendation from the Submission concentrates on the problem of a talent shortage in management, sales and marketing, engineering and product management, and suggests possible changes to our immigration laws as a solution.

The Submission encourages the government to reflect on and re-evaluate the process by which work permits are delivered to non-residents in innovative sectors, and to revisit the requirements for work permit and landed immigrant status in certain circumstances. The CVCA suggests that refining the work permit process might prevent more companies from leaving Canada to access better quality talent.

##### *Other Recommendations*

Additional recommendations in the Submission include enhancing tax incentives for venture capital investments, prioritizing investment in cleantech companies, developing talent in Canada, expanding corporate involvement in the Canadian innovation ecosystem and upgrading our digital infrastructure.

# Goodmans<sup>LLP</sup> Update

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For further information on the CVCA's Submission to the Federal Government's Innovation and Growth Agenda, please contact any member of our Technology Group.

## **Goodmans Tech Group**

To assist clients in the technology sector, Goodmans brings together our acknowledged expertise in corporate/commercial, private equity, corporate finance, mergers and acquisitions, outsourcing, licensing, intellectual property, privacy, regulatory and media, tax, litigation, human resources, corporate restructuring and administrative law.

Goodmans continues to lead in the technology sector and has recently partnered with The DMZ at Ryerson University. The DMZ is a leading business incubator (selected by BMI as the top-ranked university incubator in North America, and third in the world), which connects its startups with resources, customers, advisors, investors, and other entrepreneurs. Through this partnership, Goodmans provides mentorship and networking opportunities to assist startups in maximizing their potential. Members of our Technology Group teach internet and communications law at Canada's largest law schools, are regular lecturers at technology industry events and legal conferences, and have published articles in the technology law field.