

**Jointly Submitted Action Plan from the Business Development Bank of Canada (BDC), the Department of Finance and the Department of Industry  
Chapter 1: Venture Capital Action Plan of the 2016 Spring Reports of the Auditor General of Canada/ (tabled on May 3, 2016)**

**Detailed Action Plan to the OAG Report Recommendations**

Report Reference	OAG Recommendation	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/ Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee indicator of achievement Use Only)
1	When making investments that are similar to those of the Venture Capital Action Plan, the Department of Finance Canada and Innovation, Science and Economic Development Canada should fully respect the values of fairness, openness, and transparency while meeting the purposes of the investment. This will maintain the venture capital industry's confidence in selection processes run by the Government of Canada.	<p>Agreed. The Government agrees that fairness, openness and transparency are important principles for selection processes administered by the Government of Canada.</p> <p>The Venture Capital Action Plan involved collaboration between private sector and public sector partners. In order to leverage the knowledge, expertise and capital of private sector partners, which are requirements for contributing to the success of the VCAP, selection processes were designed to balance the private sector principles of confidentiality and flexibility in negotiations, with the public sector principles of fairness, openness and transparency for overall benefits of the public interest.</p> <p>Should the Government decide to develop a new initiative that involves private sector partnerships and formal selection processes to assist the Government in making venture capital investments, as was the case under the Action Plan, it will, in the context of the venture capital market at that time, design the selection processes to balance the principles of confidentiality and flexibility for private sector partners, and fairness, openness and transparency for public sector partners, to enable the success of the initiative.</p>	As announced in Budget 2016, the Government is defining a new vision for Canada's economy: to build Canada as a centre of global innovation. Through 2016 and 2017, the Government will define an Innovation Agenda to achieve this vision. An element of this agenda will be fostering capital markets that support commercialization and growth. If the Government decides to develop a new venture capital initiative that involves private sector partnerships and formal selection processes it will, in the context of the venture capital market at that time, design the selection processes to balance the principles of confidentiality and flexibility for private sector partners, and fairness, openness and transparency for public sector partners, to enable the success of the initiative.	n/a – contingent on whether a program similar to VCAP is pursued.	n/a – contingent on whether a program similar to VCAP is pursued.	n/a – contingent on whether a program similar to VCAP is pursued.	
2	To appropriately assess the performance of the Venture Capital Action	Agreed. Performance measurement is an essential tool for assessing the Venture Capital Action Plan, and the evidence	Innovation, Science and Economic Development Canada will update the	The first annual report will be published by May	Performance Measurement Framework	Innovation, Science and Economic	

Report Reference	OAG Recommendation	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/ Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee indicator of achievement Use Only)
	<p>Plan and inform decision making, the Department of Finance Canada and Innovation, Science and Economic Development Canada should expand the Action Plan's Performance Measurement Framework by considering the inclusion of performance metrics, such as:</p> <ul style="list-style-type: none"> <li>• exit performance of recipient companies;</li> <li>• recipient companies' export growth and their financial performance;</li> <li>• new patents and patent citations; and</li> <li>• the number of new or additional key investment personnel and lead investors.</li> </ul> <p>To increase transparency, the two departments should report publicly relevant information about Action Plan activities and performance.</p>	<p>collected on the performance of the Action Plan's investments will be important to the government as it develops future policy directions supporting innovative start-ups in Canada.</p> <p>The government's performance framework outlines key performance indicators with specific, measurable, and relevant targets and benchmarks. The framework includes an analysis of the long-term economic performance of the companies backed by the Action Plan compared to a baseline of non-venture capital supported companies using government databases.</p> <p>In accordance with this recommendation, and subject to the availability of robust data, the government will update the Performance Measurement Framework to include additional metrics on exit performance, exports, financial performance, and key investment personnel. The framework will also cover innovation performance by including research and development spending and employment levels, as these are good indicators of innovation in venture capital-backed start-ups.</p> <p>The government will publish relevant information about Action Plan activities and performance while respecting the confidentiality requirements in the agreements with the fund managers.</p>	<p>Performance Measurement Framework to include additional metrics on exit performance, growth in sales including exports, financial performance, and key investment personnel. The updated framework will also cover innovation performance by including R&amp;D spending and employment levels.</p> <p>Innovation, Science and Economic Development Canada and the Business Development Bank of Canada will collaborate to publish, on an annual basis, aggregated performance information on the VCAP portfolio such as the amount committed, the amount called (i.e., paid into underlying companies), the amount distributed (i.e., paid back to investors in VCAP), and the fair value of the portfolio, respecting the confidentiality requirements in the agreements.</p>	31, 2017, covering the year 2016.	will be updated by October 31, 2016.	<p>Development</p> <p>Mr. Chris Padfield            Director General,            Small Business Branch            343-291-1876</p>	
3	In formulating future interventions such as the Venture Capital Action Plan, the Department of Finance Canada and Innovation, Science and Economic Development	Agreed. Should the government pursue future venture capital interventions whereby government capital is treated differently than private-sector capital, similar to the Venture Capital Action Plan, the government will consider a broad range of design parameters governing the participation of investors, which	As noted above, the Government of Canada is developing an Innovation Agenda, which will include examination of the role of financing for commercialization and growth. Should the	n/a – contingent on whether a program similar to VCAP is pursued.	n/a – contingent on whether a program similar to VCAP is pursued.	n/a – contingent on whether a program similar to VCAP is pursued.	

Report Reference	OAG Recommendation	Departmental Response	Description of Final Expected Outcome/Result	Expected Final Completion Date	Key Interim Milestones (Description/ Dates)	Responsible Organization/ Point of Contact (Name, Position, Tel #)	Indicator of Achievement (For Committee indicator of achievement Use Only)
	Canada should allow for an early exit of the public-sector partners.	could include early-exit options. Parameters would be contemplated in the context of the maturity, sustainability, and nature of the venture capital market, and the objectives of the initiative.	Government pursue future venture capital interventions, the Government will consider a broad range of design parameters governing the participation of investors, which could include early exit options.				