

November 13, 2018

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Sent: Thursday, November 15, 2018 1:23 PM
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Cc: Eric Dillon <Eric.Dillon@conexus.ca>; Annette Revet <Annette.Revet@conexus.ca>
Subject: Conexus Credit Union submission to the Western Canada Growth Strategy

Good afternoon – please accept the enclosed submission on behalf of Conexus Credit Union from Saskatchewan respecting the Western Canada Growth Strategy.

We hope our ideas are insightful and can help contribute to building a more prosperous environment for western Canadians.

If you have any questions or comments, we are happy to engage further.

Respectfully submitted,

Gina

Gina McGinn MA, ICD.D

Vice President, Governance |

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Dr. Abdul Jalil, Ph.D
Western Economic Diversification Canada
C/O: Western Canada Growth Strategy Engagement
Suite 1500, 9700 Jasper Avenue
Edmonton, Alberta T5J 4H7

Dear Dr. Abdul Jalil,

Thank you for the opportunity to provide comments to the Western Canada Growth Strategy – engagement paper.

Conexus Credit Union is a progressive financial services co-operative based in Saskatchewan, with our main office in Regina. We are owned by over 124,000 Saskatchewan members, providing personalized service digitally and through 39 branches across Saskatchewan. We have served as an industry leader for over 80 years.

As Saskatchewan's largest and Canada's sixth largest credit union, Conexus has \$8.3 billion in total funds managed and more than 900 employees throughout the province. This includes the Saskatchewan small business sector. Combined, Saskatchewan credit unions provide services to close to 50 per cent of Saskatchewan residents and Conexus providing financial services to close to 20% of the small and medium sized business sector in Saskatchewan.

We have deep roots in our communities and guided by our values as a socially responsible financial institution and employer. Our community investment program demonstrates our commitment to the communities we serve with just over \$1.6 million returned last year in the form of community contributions and volunteer time.

Conexus Credit Union has recently launched the first credit union lead business incubator in Canada. This initiative reinforces our commitment to growth, not only by lending, but through mentorship to small business start-ups and investment through venture capital. We believe our objectives involving the small business incubator and the future establishment of a venture capital fund are aligned with the objectives of the federal government. We look forward to collaborating and growing through partnership with the federal government to help build a vibrant entrepreneurial ecosystem, particularly in western Canada.

Included in the engagement paper were five questions. Please accept our responses for consideration.

1. What does a stronger western Canadian economy look like 10 years from now?

Conexus is of the view that business headquarters can be located anywhere. Entrepreneurs can build businesses from anywhere and do not need to relocate to large centres like Toronto to be

successful. Given this view, we would envision more business head offices of innovative companies locating in the west and disbursed throughout urban and rural areas. The evolution of technology has enabled business to operate anywhere.

We would further envision more capital investment access for new start-ups. While Conexus is in pursuit of a more dynamic role in this space, it is important to ensure the regulatory environment is enabling of such participation. The objective is to ensure industry can grow with less reliance on government assistance, rather industry would look to government to ensure an appropriate public policy environment and supporting regulatory structure is useful.

We believe the concept of angel investing can play a role, however, in the spirit of useful regulation, it is important to ensure such investments have limited 'strings attached' that could hinder growth and increase reporting requirements.

In Saskatchewan, a progressive tech start-up initiative is underway which is proving to be appealing to start-ups. It requires that both the business and the investor reside within the same province which is generating positive uptake since both parties have a common interest to grow in Saskatchewan. Such initiatives are beginning to generate positive connections and results.

Innovation Saskatchewan is an agency within the provincial government framework that is responsible for the tech start-up initiative. Through this initiative, an incentive is given which provides a tax credit for investors, and helps incent investment by minimizing the risk. While Conexus is not a beneficiary of such a tax credit, we understand that the uptake from investors has been positive.

Our ask is that the federal government provide a similar type of investment incentive, to increase investor participation at such a high risk start up stage, which would support continued growth of the western Canadian economy.

2. What are the best ways to spur new growth in western Canada?

At Conexus, we believe we are on the right path to help spur new growth in Saskatchewan and western Canada through our business incubator. Our commitment to this concept and further desire to mentor entrepreneurs is one we believe could and should be replicated throughout western Canada. A way to help this take shape would be to build a coalition of incubators in the west that could build scale and provide benefit to start-ups by:

- Building a community of thought leaders in western Canada
- Creating a regulatory environment that encourages venture capital investment
- Sharing resources, expertise and experiences
- Creation of an inter-provincial network to support movement of people
- Establishing regional cooperation among incubators which could minimize some expenses

- Integration of a diverse business education and/or entrepreneurship initiative that is included within the provincial high school curriculum.
- 3. What will help the Indigenous economy continue to grow?**

Conexus is committed to helping Saskatchewan communities grow. This includes indigenous communities alongside all other residents within the province. We support full and equal participation in our economy and that only by including everyone will we be truly successful. We do this by not distinguishing – rather we look for ways to partner and collaborate toward common goals. In April of 2018, the Canadian Credit Union system approved a resolution to adopt the Truth and Reconciliation Commission framework and the further commitment to apply its principles, norms, standards to corporate policy and core operational activities. This decision reinforces our commitment as a system to reconciliation.

Conexus continues to reinforce these principles and is further eager to partner through collaboration with indigenous communities. We believe increasing knowledge of entrepreneurship and inclusive employment for indigenous communities is key.

4. How can we improve economic participation in the west of underrepresented groups, including women, youth and new immigrants?

The Conexus business incubator is intended to create a community of common interest within the Saskatchewan entrepreneurial sector. Our values based approach to leadership and diversity carries through all that we do at Conexus and encourages inclusion and participation for women, youth and new immigrants. Credit unions were the first financial institution in Canada to lend to women and continue to be recognized for progressive ideas and innovative solutions. Our elected 11 person Board of Directors is comprised of five women and six men which reinforces our efforts to strive for gender balance in leadership positions.

We believe our approach is one that could be mirrored by other businesses and organizations; if others followed this approach, we would all be further ahead respecting economic participation and inclusion from underrepresented groups.

However, we do know there is a gender entrepreneurship gap of 80 per cent in Saskatchewan. This is a startling circumstance that requires attention to understand the reasons Why and close the gap. The Women Entrepreneurs of Saskatchewan (WESK) have been operating in Saskatchewan for over 20 years and continue to deliver on their vision to help all women entrepreneurs including the indigenous community.

While WESK may be better able to provide input respecting how to improve economic participation, Conexus is a supporter and partner in helping WESK make a meaningful impact for women entrepreneurs in Saskatchewan. We encourage governments to support the work of agencies like WESK whose purpose is to encourage increased participation in western Canada.

5. How can governments, industry and western Canadians work together to grow the regional economy?

Conexus is open to partnering with government where appropriate to help realize on this vision. We offer up the following considerations:

- Encourage the establishment of regional business incubators/accelerators, with the goal of building a network in western Canada;
- Increased access to start-up funding;
- Ensure both the federal and provincial levels of government are strategically aligned to help the sector grow and thrive; minimize duplication of effort and ensure tax regimes are fair and useful in western Canada;
- Support the business incubator concept in principle and ensure a useful, supportive regulatory environment exists;
- Consider a form of tax deduction that is reflective of the risk absorbed by potential venture capital investors;
- Ensure the western Canadian digital infrastructure is able to appropriately evolve to keep pace with communication locally and globally;
- Recognize that a critical part of innovation and growth is mentorship; therefore, consider providing incubator models with tax benefit that embrace the more humanistic measures of business start-ups and investment risk;
- Support the work of western Canadian incubators/accelerators by ensuring the legislative and regulatory environments are aligned, right-sized and designed to grow entrepreneurs and embrace innovation.

On behalf of Conexus Credit Union, I would like to thank you for the opportunity to participate in this stakeholder consultation. We hope our input is useful and helps to evolve a western Canadian strategy. We further look forward to partnering with levels of government where appropriate to help and improve entrepreneurship in western Canada for all segments of the population, particularly those who are currently under-represented.

If you have any questions or wish to discuss further, I can be reached at 306.540.4200.

Respectfully,



Gina McGinn
Vice President, Governance
Conexus Credit Union