

# Canada's innovation landscape

## Powerhouse provinces for R&D



Support for Canadian entrepreneurs comes from many sources and both the federal and provincial governments offer incentives to build and foster successful start-ups. The R&D ecosystem across Canada is a function of powerhouse provinces that support entrepreneurs with incubators and accelerators embedded within major universities and technology hubs.



The Scientific Research and Experimental Development (SR&ED) program is perhaps the best-known incentive tax credit designed to amplify research and development (R&D) activity. The R&D ecosystem across Canada is a function of powerhouse provinces that support entrepreneurs with incubators and accelerators embedded within major universities and technology hubs. These resources vary from province-to-province so we have highlighted a handful of provinces that have gone to extra lengths to attract and retain businesses seeking growth through innovation.

The innovation landscape in Canada is changing rapidly. As cities and provinces build their reputations as centres of excellence, new programs, institutions, funding sources and policies are emerging that have the potential to change your business's trajectory. Unfortunately, these resources aren't always easy to find which is why we have compiled this provincial guide: to help entrepreneurs access the support and resources available locally, provincially and federally.

As an entrepreneur, it's important to make sure you're aware of resources locally, provincially and federally that could take your business to the next level.



## What resources are available to me?

The resources available to Canadian entrepreneurs are too numerous and diverse to list in full, but there are a few major categories of funding and guidance that you should be aware of. These include:



tax incentives and other initiatives aimed at encouraging innovation in the private sector;



non-dilutive grant funding similarly designed to foster innovation by helping businesses finance research and new technology; and

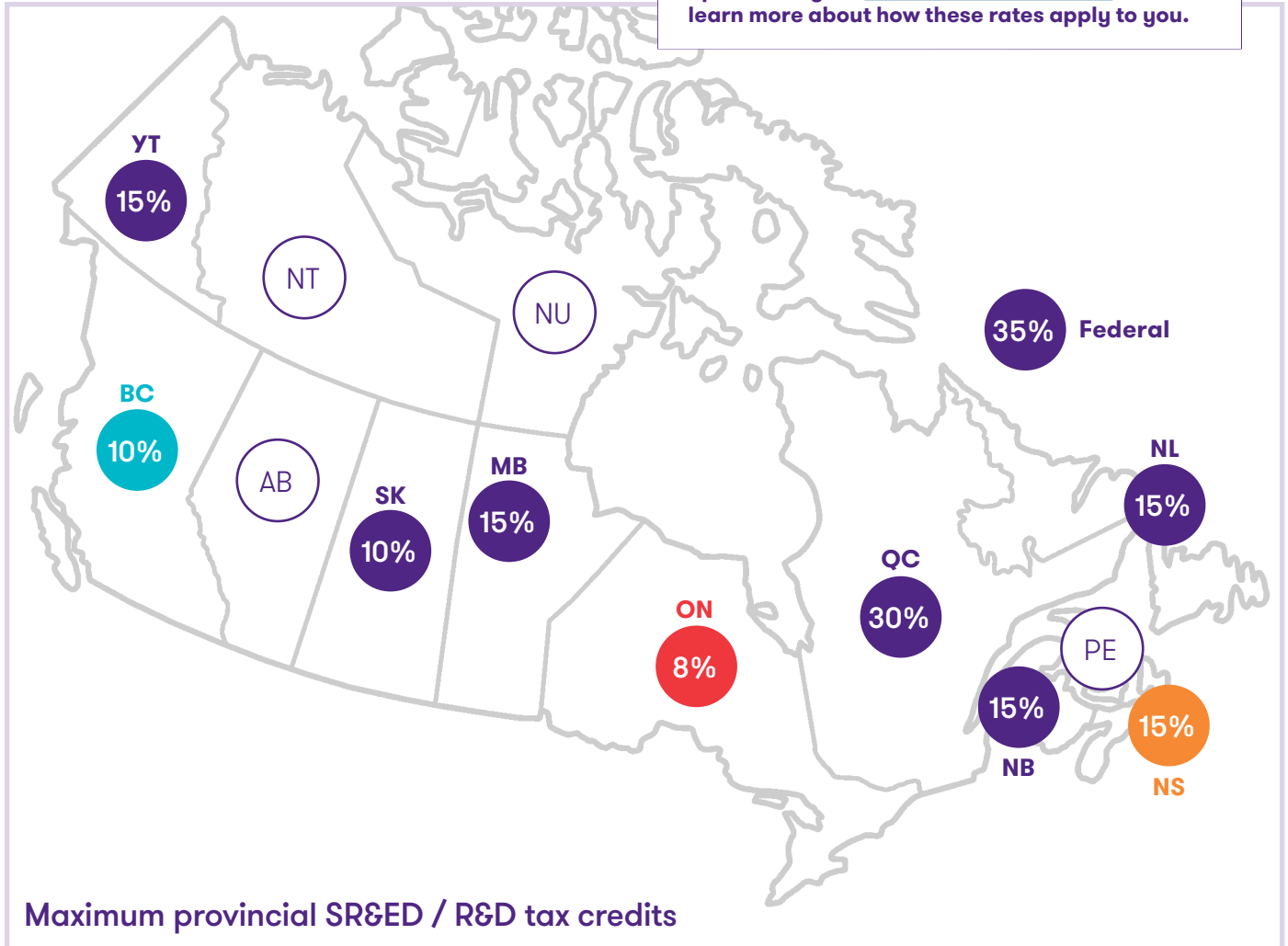


other resources available at the local and provincial levels (e.g., start-up incubators and accelerators, regional innovation centres and centres of excellence).

## Can my business benefit from these resources?

Whether you're considering expanding, hiring new talent, scaling an innovative product or entering new markets, don't overlook the resources available to you from these programs such as mentoring, partnerships and funding. In addition to a host of federal and provincial tax credits and grant opportunities targeted toward businesses at all stages of development, there are also programs and networks at the community level that can connect you with the resources you need to move your business forward.

Speak with your [Grant Thornton advisor](#) to learn more about how these rates apply to you.



## Federal and provincial tax incentives for businesses: SR&ED Tax Credits

The Scientific Research and Experimental Development (SR&ED) tax incentive program is designed by the Canadian government to encourage research and development (R&D) activities in Canada. It's the largest single source of government support designated for this purpose. Both foreign-controlled and Canadian-controlled companies of all sizes can earn investment tax credits on qualified expenditures either in

the form of a cash refund, a reduction in taxes paid, or both. It funds the development of scientific and technological advances and processes to keep your company competitive. Key sectors that have benefited the most from SR&ED tax credits in recent years are information technology, agri-food and advanced manufacturing.

Most provinces have piggyback programs that boost your credits and can be refundable or non-refundable at various rates. As of 2020, Alberta joined PEI, Nunavut and Northwest Territories as one of only four Canadian provinces and territories that do not offer provincial SR&ED tax credits.

# Federal support for innovation

## Strategic Innovation Fund (SIF)

Through this fund, companies can get a contribution of up to 50 percent of eligible expenses to conduct R&D to accelerate technology transfer and commercialization of innovative products, processes and services. The SIF's objective is to spur innovation by providing funding for large projects (defined as over \$10 million in requested contribution).

## Industrial Research Assistance Program (IRAP)

IRAP offers funding for small or medium-sized Canadian businesses pursuing technology-driven innovation. It provides funding to support R&D projects at various stages of the innovation cycle. Specifically, it targets businesses looking to pursue growth and profit by developing and commercializing innovative, technology-driven new or improved products, services or processes in Canada for small and medium size projects (defined as under \$10M in requested contribution).

## Innovation Super Clusters

The Government of Canada has invested \$950 million, which will be matched by the private sector, to create more than 50,000 jobs, through their Innovation Superclusters.

[The Next Generation Manufacturing Supercluster](#) is focused on training and technology adoption by building up next-generation manufacturing capabilities, incorporating technologies like advanced robotics and 3D printing.

[The Digital Technology Supercluster](#) will use cutting-edge applications of augmented reality, cloud computing and machine learning to improve service delivery in the natural resources, precision health and manufacturing sectors.

[Scale AI](#) is investing in companies across a range of industries that are deploying AI to enhance their supply chain for the development of innovative, collaborative projects that leverage AI to make supply chains more intelligent and more efficient.

[Protein Industries Supercluster](#) is aimed to increase the value of key Canadian crops to satisfy growing markets in North America and Europe for plant-based meat alternatives and new food products. PIC will co-invest in collaborative consortia that leverage strengths, address gaps and incent innovation across the value chain.

[Canada's Ocean Supercluster](#) is growing the ocean economy in a way that has never been done before, where leaders in fisheries, aquaculture, defense, offshore resources, marine renewables, bioresources, shipping, and ocean technology are coming together to develop and commercialize solutions to shared ocean challenges, while advancing Canada's position as a global leader in ocean.



# Powerhouse provinces for R&D support: Highlights from three regional standouts

In addition to SR&ED tax credits, there are many other tax incentives, grants, resources and programs available at the provincial and community levels that can help ramp up your business growth. We aim to provide just a small sample of the kinds of resources available across three provinces that foster innovation: British Columbia, Ontario and Nova Scotia. These provinces all offer a strong breadth of resources, programs and opportunities aimed at fostering innovation and entrepreneurial activity.



# British Columbia

British Columbia has emerged as a booming province for entrepreneurial activity, with a wealth of resources available to support entrepreneurs through all stages of business development. British Columbia is home to 25 public post-secondary institutions, including several internationally-recognized universities that all contribute to entrepreneurial activity through various incubator and accelerator programs.

## Innovate BC

Organizations like Innovate BC spur start-up growth by connecting innovators with resources and funding.

This organization describes itself as a “one stop service centre” to connect innovators with BC government funding, tools, resources and support. Innovate BC includes several funding opportunities, such as its Ignite Program that provides up to \$300,000 to fund innovation projects in natural resources, applied science and engineering. It also offers a Venture Acceleration Program for tech companies looking to bring a new product or production method to market.

## BC Digital Media Tax Credit (IDMTC)

This tax credit for eligible registered corporations that develop interactive digital media products in British Columbia is calculated as 17.5 percent of eligible salary and wages incurred in the tax year. An interactive digital media product is designed to be used interactively to educate, inform or entertain the user.



## University incubators and accelerators

- **HATCH** is UBC’s accelerator for technology-based start-up companies launched by faculty, graduate/undergraduate students, staff and/or recent alumni. HATCH start-ups have access to office, meeting, project and maker space, as well as mentorship from Entrepreneurs-in-Residence. HATCH is often the next step for teams that have validated their business opportunity through entrepreneurship@UBC’s Lean Launch Pad incubator program.
- The University of Victoria’s **Innovation Centre for Entrepreneurs (ICE)** provides tools, expertise and space on campus to help entrepreneurs take an idea to the stage where it is ready for investment.
- Simon Fraser’s **VentureLabs** program provides resources to help tech start-ups build and scale their venture.



## Canada-BC Agri-Innovation

This program is designed to accelerate the development of agriculture and agri-food products, practices, processes or technologies that might be adopted or commercialized by the sector. It supports projects related to research and development in addition to pilot, demonstration, commercialization and adoption.

## Accelerate Okanagan

Accelerate Okanagan's (AO) mission is to give entrepreneurs the mentorship, connections, and community they need to build technology-driven ventures. A member-driven organization, AO has four program options to help start-ups and growth-stage companies from ideation to exit.



# Ontario

Ontario is home to entrepreneurial hotbeds like Kitchener-Waterloo—which earned the title “Silicon Valley North” because it boasts the highest concentration of start-ups in the country—and Toronto, Canada’s financial centre. The Toronto-Waterloo corridor ranks as one of the world’s top 20 start-up ecosystems, largely due to leading computer science and engineering research at the University of Toronto and the University of Waterloo. The province has a rich post-secondary landscape with 20 public universities and 24 colleges.

## Ontario Centres of Excellence (OCE)

OCE supports the commercialization of academic intellectual property, industry-academic collaborations and the development and adoption of emerging technologies. It aims to accomplish this by focusing on building industry-academic collaborations throughout the province and supporting the launch and growth of businesses. It guides industry-academic partners through tailored programs that provide the support and expertise required to commercialize innovations, transfer technologies and develop talent.

## Regional Innovation Centres (RICs)

There are at least 17 Regional Innovation Centres in the province, with locations in most Ontario cities. RICs provide programming, mentorship, workspace and access to start-up funding. Toronto Innovation Acceleration Partners (formerly MaRS Innovation) is a project by 13 of Toronto’s top universities, institutions and research institutes, focused on fostering a pipeline of health science discoveries from researchers within its member institutions through a suite of programs and funding mechanisms. Communitech in Kitchener-Waterloo is a public-private innovation hub that aims to help tech companies succeed by offering a workspace with programs designed to help companies at all stages get access to capital, customers and talent.



## University incubators and accelerators

- The University of Toronto houses several incubators and accelerators. One notable example is the **Creative Destruction Lab (CDL)**, which is designed to match science-based ventures with mentorship and investment to help them scale their products.
- Ryerson offers the **Digital Media Zone (DMZ)**. One of its offerings is an intensive three-and-a-half month sales execution program designed for high-potential tech start-ups that boasts \$1 million in average seed funding raised.
- The **Accelerator Centre** works closely with the Universities of Waterloo, Guelph and Laurier and offers a four-phased program for technology start-ups that focuses on key milestones in the early stages of a successful business.
- The **Velocity Incubator** at the University of Waterloo helps early-stage, pre-seed tech startups with expertise, tools, business advisory, and product development services.





## Ontario Creates

This unique initiative of the Ministry of Heritage, Sport, Tourism and Culture serves as a catalyst for the province's cultural media cluster, including book publishing, film and television, interactive digital media, magazine publishing and music industries.

Through its various programs, it endeavours to promote, enhance and leverage investment, jobs and original content creation within the province's media industry.

It also administers various tax credits available for individuals and businesses in creative industries, including, among others:

- Ontario Book Publishing Tax Credit (OBPTC),
- Ontario Computer Animation & Special Effects (OCASE) Tax Credit
- Ontario Film & Television Tax Credit (OFTTC) and
- Ontario Interactive Digital Media Tax Credit (OIDMTC)



# Nova Scotia

For a small province, Nova Scotia offers a highly developed entrepreneurial community rich in opportunities that would make entrepreneurs from larger provinces envious. Businesses have access to provincial government grants, incentives for digital media projects, regional innovation centres and a thriving post-secondary system. Organizations like Innovacorp and Nova Scotia Business Inc. connect Nova Scotia businesses to resources and funding sources to help them move to the next level. With 10 universities and an extensive community college system, Nova Scotia is home to several competitive business programs and a wealth of entrepreneurial expertise.

## Innovacorp

Established in 1995 and based in Halifax, the goal of Innovacorp is to help Nova Scotia become one of the top 10 start-up ecosystems in the world by funding and fostering innovative Nova Scotia start-ups.

Target industries include information technology, clean technology, life sciences and ocean technology. Its activities focus on early stage investment as well as acceleration support through access to incubation facilities, expert advice and other services. The Nova Scotia First Fund targets emerging venture-grade technology companies with high growth potential and attractive risk-return prospects.

## Nova Scotia Business Inc. (NSBI)

NSBI aims to contribute to a globally competitive Nova Scotia through attracting global investment and offering guidance to companies to help them become more successful exporters.



## University incubators and accelerators

- Dalhousie University hosts **ShiftKey labs**, an inter-university sandbox meant as a collaborative, interdisciplinary space. Here, students can come together with peers, mentors and external advisors to take business concepts from idea to execution. Its ideaHUB aims to accelerate the development of innovative physical products, including the Internet of Things, ocean tech, med tech and robotics.
- The Saint Mary's College **SPARK Women's Business Accelerator** guides local high-potential, under-resourced women entrepreneurs to economic empowerment through an 11-week program.



## Atlantic Canada Opportunities Agency (ACOA)

An umbrella of programs focused on working with communities to develop and diversify local economies within the four Atlantic provinces, ACOA helps businesses become more competitive, innovative and productive. Its programs range from services to help entrepreneurs start a business, to financial support for developing new products or upgrading facilities, to programs and initiatives aimed at helping established businesses expand and export into new markets.

## Volta

Volta offers several network and community programs, including Volta Academy which helps future founders create a viable tech-focused start-up. The Volta Cohort program

provides mentorship, resources and investments through a microfund co-founded by Volta, BDC Capital, Innovacorp and ACOA. Along with funding, Cohort companies are given space at Volta and access to a board of mentors comprised of CEOs and founders of Volta's Resident and Alumni companies.

## Nova Scotia Digital Media Tax Credit

This refundable tax credit for Canadian corporations offsets costs directly related to the development of interactive digital media products in Nova Scotia. The credit is equal to the lesser of 50 percent of eligible Nova Scotia labour expenditures, or 25 percent of total expenditures made in Nova Scotia. A 10 percent geographic area bonus on labour expenditures (five percent bonus on total expenditures) is available for products developed outside the Halifax Regional Municipality.

# Tap into the right opportunities for your business

At Grant Thornton, we monitor industry trends, legislative changes and economic policy to stay up-to-date and effectively support the business community. Our advisors can help you identify growth opportunities for your business, access funding and tap into the right networks to fast-track your goals for your business. When it comes to applying for tax incentives and other government programs, we have the expertise to tailor your application to the complex government demands.

Your Grant Thornton advisor can help you chart a path to entrepreneurial success by leveraging funding and minimizing your tax burden in a changing environment. Let's take your business to the next level!



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