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# A CANADIAN INNOVATION AND INVESTMENT AGENCY

WHAT WE HEARD REPORT



Government  
of Canada

Gouvernement  
du Canada

Canada 

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# EXECUTIVE SUMMARY

Unlocking private sector investment in research and development (R&D) in Canada is necessary to spur and sustain economic growth, which is key to creating good jobs in Canada, boosting exports, and supporting Canada's transition to a net-zero economy. To stimulate business R&D, Budget 2022 announced the government's intention to create an operationally independent, market-oriented Canadian innovation and investment agency (the agency) to proactively work with new and established Canadian industries and businesses to help them make the investments they need to innovate, grow, create jobs, and be competitive in the changing global economy.

To inform the agency's design, Innovation, Science and Economic Development Canada and Finance Canada consulted with more than 40 organizations with broad representation from a number of industry sectors, business incubators/accelerators, post-secondary organizations, groups focused on business and innovation, economic development, and equity and accessibility. This report captures the broad outlines of the rich and informative dialogue of roundtable participants.

**Key themes stemming from the consultations are:**

**That the agency should be additive within Canada's innovation ecosystem and its role should be easy for businesses to understand.**

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**That support should be focused on supporting R&D projects that will lead to commercial outcomes.**

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**That the agency should ensure that its programs and services reach sectors and groups that have traditionally not conducted R&D.**

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**That the agency be operationally independent and market-oriented, with leadership and staff experienced in private sector innovation.**



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# INTRODUCTION

**Budget 2022 announced the government’s intention to create an operationally independent, market-oriented Canadian innovation and investment agency to unlock business R&D. The agency would be mandated to proactively work with new and established Canadian industries and businesses to help them make the investments they need to innovate, grow, create jobs, and be competitive in the changing global economy.**

To inform the agency’s design and to ensure alignment with industry needs, Innovation, Science and Economic Development Canada and Finance Canada undertook consultations via 5 roundtables in summer 2022. Participants included broad representation from a number of industry sectors, business incubators/ accelerators, post-secondary organizations, innovative SMEs and other groups focused on business and innovation, economic development, and equity and accessibility.

Participants expressed optimism about the potential for the new agency to bring incremental benefit to the innovation ecosystem and the ability of Canadian businesses to undertake R&D that will ultimately lead to increased productivity and economic growth. They expressed the importance for the agency to be agile, proactive and highly responsive – leveraging innovative thinking in terms of governance, delivery model and programming to the benefit of innovative Canadian businesses. They expressed a willingness and commitment to working with the agency going forward to develop impactful, inclusive, and accessible programming. They also articulated the importance of coordination across the various government innovation support platforms to enable clarity, avoid duplication, and maximize potential for impact.



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# THE ENGAGEMENT PROCESS

A broad group of more than 40 organizations participated across the 5 roundtable discussions to ensure that the diverse perspectives and needs of Canadians were accounted for. A number of other stakeholders were also able to provide input through other engagement activities. The full list of roundtable participants has been attached as Annex A.

**To help focus the engagement, participants were asked to respond to four questions:**

1. What form of support, funding and services would most effectively help business increase its investments in R&D?
  - » Within the current innovation system, which supports do you consider as effective in encouraging businesses to undertake R&D and commercialize the resulting innovations?
2. What key barriers and challenges to growth through innovation are you or your sector experiencing?
3. Should support differ for start-ups versus established and scaling businesses?
4. What would be top three features of the new agency and its activities, business model and staff would make a significant positive impact in expanding business investment in R&D and seeing more benefits for Canada as a whole?



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# WHAT WE HEARD

Input gathered via the consultation was captured and carefully reviewed. The section below provides a synopsis of the areas brought forward by round table participants.

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## Programs must fit within the existing suite of federal programs and be easy to navigate

Stakeholders suggested that the agency should be additive within Canada's innovation ecosystem and its role should be easy for businesses to understand. In addition, stakeholders suggested that the agency's programs should be easy to navigate, not administratively burdensome, and that decisions should be rendered quickly.

- It was recognized that Canada has many of the necessary ingredients for a successful innovation economy, such as strong research in universities, colleges and polytechnics and a high number of innovative start ups. It is important to harness these existing strengths while being deliberate and thoughtful about how the new agency will fit within the existing federal suite of innovation support programs.
- Application and decision-making processes need to be clearly communicated and easy for businesses to understand, and coordination across the federal support ecosystem.
- Stakeholders expressed support for the agency that could support projects with high risk/high reward potential, stimulating innovation broadly across all industry sectors, and linking high potential and disruptive research with companies capable of commercializing the outcomes.

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## Reaching new clients

Stakeholders suggested that the agency should ensure that its programs and services reach sectors and groups that have traditionally not conducted R&D.

- The agency needs to support R&D in all sectors and all regions of Canada's economy. In particular, it was recognized that there is currently a lack of R&D in Canada's traditional sectors. The agency needs to think beyond pure applied R&D projects, including, for example, by supporting the adaptation of existing technologies to improve productivity and enable growth.
- The agency should take an active role to identify and connect key technologies and new uses and applications in long-standing industry sectors, and to make the connections between sectors. This would include connecting businesses in these sectors with SMEs and academic/research institutions to leverage existing capacity and expertise.
- Stakeholders also noted that there is an opportunity for the agency to connect underrepresented groups in Canadian business (e.g., businesses with an equity/diversity focus) to more established businesses, potentially creating growth opportunities for all partners.

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## Importance of companies getting to commercialization and scale / Importance of retaining value in Canada

Stakeholders indicated that support should be focused on supporting R&D projects that will lead to commercial outcomes.

- Ensuring that companies are able to commercialize innovative ideas is imperative to the success of the agency. Acting as a connector, coordinating hand-offs between programs, and seeing investment through from start-up through growth is crucial to the success of both the agency and the companies it supports.
- Industry stakeholders expressed a desire for the agency to address challenges Canadian business face scaling up in Canada, including issues related to the retention of Intellectual Property (IP) and capturing the value of this IP downstream for Canadian benefit. Programming should be designed to support the growth of IP held by Canadian businesses:
  - » The agency should take an active role in supporting the adoption of Intellectual Property Rights (IPR) strategies. IPR strategies are important for businesses as they launch and grow, as they enable the protection and commercialization of a business' intangible assets. Stakeholders also suggested strengthening upstream supports, such as data pools and patent collectives.
- Stakeholders highlighted the importance of government procurement to stimulate innovation and for connecting larger Canadian business with our innovative growth companies to encourage collaboration and open pathways to markets within Canada as a springboard to exports. Canada should continue to improve on initiatives, such as Innovative Solutions Canada, to encourage and open up procurement to innovative Canadian businesses and introduce measures to better connect our largest businesses with innovation growth companies.

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## Design and delivery of the agency - Key features

Stakeholders welcomed the idea of the agency that is operationally independent and market-oriented, with leadership and staff experienced in private sector innovation.

- The *design* of the agency should reflect the Canadian business environment. The agency should be led and staffed with industry experts with a national perspective and have the ability to move with speed and decisiveness. There also needs to be a built-in function for strategic thinking and the flexibility to pilot/experiment new approaches.
- The *delivery* of programming should be responsive to the needs of the market. Policies and programs should include the provision of advisory and convening services, not just financial support. Additionally, a lens of inclusion and accessibility could be incorporated into the programming to better serve underrepresented groups in the innovation ecosystem. Delivery should be designed with the needs of clients in mind:
  - » Clear and transparent eligibility and requirements for programming;
  - » Provision of timely feedback and decision-making on funding;
  - » Streamlined processes with requirements commensurate with the ask for application, due diligence, and reporting.
- The agency should have higher risk tolerance than current government programs. The agency will need to accept the risk of trial and error when supporting high-risk/high-potential projects. The agency can learn from those that are unsuccessful, leveraging the experience in the future.

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# CONCLUSION

**Themes and suggestions from these consultations helped inform considerations related to the design of the agency that would be an important partner with Canadian business. As per Budget 2022, the agency will be another important tool to support Canadian businesses and enhance R&D to drive innovation-based growth across the economy.**

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## ANNEX A

### List of roundtable participants

Aerospace Industries Association of Canada  
Agri-Food Innovation Council  
Aluminium Association of Canada  
Association pour le développement de la recherche et de l'innovation du Québec  
BIOTECanada  
British Columbia Tech Association  
Business Council of Canada  
CAN Health Network  
Canada Cleantech Alliance  
Canadian Association of Defence and Security Industries  
Canadian Association of Petroleum Producers  
Canadian Chamber of Commerce  
Canadian Council for Aboriginal Business  
Canadian Construction Association  
Canadian Federation of Independent Business  
Canadian Manufacturers and Exporters  
Canadian Steel Producers Association  
Canadian Vehicle Manufacturers Association  
Centre for Ocean Ventures and Entrepreneurship  
Chemistry Industry Association of Canada  
Colleges and Institutes Canada  
Communitech  
Council of Canadian Innovators  
Creative Destruction Lab  
Fisheries Council of Canada  
Forest Products Association of Canada  
Future Skills Centre  
Information and Communications Technology Council  
Inno-Centre  
Innovate Edmonton  
MaRS  
Mining Association of Canada  
Mitacs  
North Forge  
Platform Calgary  
Polytechnics Canada  
Space Canada  
Startup Canada  
TandemLaunch  
Technation  
U15  
Unifor  
Wesley Clover / L-Spark  
Women's Enterprise Organization of Canada  
Women Entrepreneurship Knowledge Hub