Canada Flow-Through Shares: A Strategic Investment in Canada's Future

Executive Summary

Extending Flow-Through Shares (FTS) beyond mining to include Canadian technology, clean tech, and innovation sectors will unlock $500M in new investment, $1.25B in new economic activity, and $375M in tax revenue annually. This proven Canadian model will supercharge growth, retain intellectual property, and create thousands of high-paying jobs, positioning Canada as the fastest-growing economy in the G7.

Introduction

Canada's economic growth depends on its ability to innovate, scale, and compete globally. While Flow-Through Shares (FTS) have been the cornerstone of Canada's mining sector, generating over $50B in private investment since inception, the program's potential has not yet been fully realized. By extending FTS to technology and innovation sectors, Canada can mobilize domestic capital, reduce reliance on foreign financing, and fuel the next wave of high-growth industries.

A Proven Canadian Model

FTS allow companies to transfer eligible expenses to investors as tax deductions, lowering the after-tax cost of investing. In mining, this mechanism transformed exploration financing, enabling Canada to become a world leader. In 2024 alone, FTS raised $1B for resource firms. Expanding this tool to tech, clean tech, biotech, and advanced manufacturing will replicate this success in sectors critical to Canada's 21st-century prosperity.

Economic Impact

Independent analysis confirms the economic potential of extending FTS:
- $500 million in new private investment in year one
- $1.25 billion in new economic activity
- $375 million in new tax revenues

The technology sector already contributes over $125 billion to GDP and employs nearly one million Canadians. With FTS, tech's GDP contribution could rival mining within a decade, creating thousands of high-paying, future-proof jobs.

Strategic Benefits

1. Attract Domestic Capital – FTS enables Canadians to invest in Canadian innovation, reducing dependence on U.S. venture capital and keeping ownership at home.
2. Accelerate Innovation – By channeling resources into R&D, startups in AI, quantum computing, clean tech, and life sciences can scale more rapidly.
3. Job Creation – Tech jobs pay 54% above the Canadian average. Expanding FTS means more high-value employment across Canada.
4. Fiscal Responsibility – Unlike deficit spending, FTS leverages private investment,

reducing pressure on public finances.
5. Global Competitiveness – Canada will mirror the success of the U.K.'s Enterprise Investment Scheme (EIS), which generated nearly £30B in private investment and supported over 53,000 startups.

Policy Design Considerations

- Eligibility: Limit to high-growth, innovation-driven sectors (AI, clean tech, biotech, advanced manufacturing).
- Registered Plans: Allow RRSP inclusion (with CRA safeguards), while avoiding inefficient TFSA use.
- Oversight: Ensure compliance to prevent abuse and maintain program integrity.

Conclusion

Expanding Flow-Through Shares is not just a tax measure—it is an investment in Canada's future. It provides a smart, private-capital-driven approach to economic growth that will:
- Supercharge Canadian innovation;
- Retain intellectual property and talent;
- Create high-paying jobs;
- Increase GDP and tax revenue; and
- Position Canada as the fastest-growing economy in the G7.

This is a uniquely Canadian solution to a global challenge. By extending Flow-Through Shares in Budget 2025, the Government of Canada can secure lasting prosperity and establish Canada as a global leader in innovation, sustainability, and economic resilience.