



## Cost Eligibility Guidelines

This document provides high level guidelines only, recognizing that each project is unique, and that Canada's Ocean Supercluster ('OSC' or 'Supercluster') will work with prospective projects and OSC members ('members') to provide additional clarity or specificity as/where required.

### Co-investment eligibility principles

Project costs eligible for Supercluster co-investment are those that are incremental, reasonable and directly relate to project execution and achievement of the project objectives.

The Supercluster will co-invest in Funded Eligible Project Costs. Project teams are required to track and report on all costs (Funded Eligible and Ineligible) as detailed below.

The total Canadian government assistance for any project, including federal, provincial/territorial and municipal, shall not exceed 100 percent of eligible project costs incurred and paid.

### Matched Funding for Technology Leadership Projects

Only OSC Industry Members (all of whom must be private sector firms that operate in Canada) that participate in OSC Technology Leadership projects are eligible to receive OSC Matched Funding (by way of reimbursement) on their contributions to projects. Other contributions to Technology Leadership Projects from Associate Members, government programs, universities, and research institutions are not eligible for an OSC Matched Funding and should not be included when calculating OSC Matched Funding.

### In-Kind Contributions

In-kind contributions are cash-equivalent goods or services that replace an incremental expense that would otherwise be incurred by the project. In-kind contributions cannot exceed 25% of total Industry Member contributions to the project. The percentage of in-kind contributions are calculated using only Industry Member cash and in-kind contributions, net of any other funding including OSC funds. The OSC does not reimburse on in-kind contributions, however, in-kind contributions made by Industry Members are counted in the Industry Matching totals, and therefore allow the OSC to provide Matched Funding against in-kind contributions by way of reimbursing other eligible costs to a higher percentage. Please note all wages incurred by project participants are considered **cash contributions and not in-kind contributions**. Please see the OSC's In-Kind Contribution Guidelines for further detail and examples pertaining to contributions of this nature.

## 1

**Funded Eligible Project Costs**

Project costs eligible for Supercluster co-investment are:

- a) portion of actual gross wages, salaries or contracts incurred which can be specifically identified and measured as having been performed on carrying out project activities. The gross wage can include all non-discretionary benefits the employer must pay (e.g. CPP, EI, provincial WSIB). Any discretionary benefits (e.g. health & dental benefit premiums, retirement packages or bonuses, etc.) must be removed from the calculation. The costs of routine administration and operations, including the costs of administering project activities, are ineligible. Examples of the distinction:
  - Wages, salaries and non-discretionary benefits incurred for employees dedicated to the project, including project managers and project coordinators would be considered eligible project costs.
  - Wages, salary and non-discretionary benefits incurred for Senior leadership from participating organizations who provide oversight, are generally considered ineligible as the activities performed by these individuals do not directly relate to project activities. Projects would have to demonstrate how the activities these individuals are performing are incremental to the Project and statement of work in the project agreement.

The following is required to substantiate all eligible wages, salaries or contracts incurred for the project: Employee name or employee number, job title, hourly rate, hours billed to the project and associated eligible costs (CPP, EI, provincial WSIB) pro-rated to the hours worked on the project;

- b) Subcontractor costs are eligible provided they cover costs for work that is essential to the project and where the expertise does not exist among the partners. These costs must be accounted for at Fair Market Value and must be reasonable and in line with industry norms and practices. Please note that:
  - A project partner or employees of a project partner cannot be a subcontractor or consultant to another project partner as it relates to undertaking project activities. All project partners must undertake any and all labour incurred by their employees on project activities as a direct labor costs and be included as wages and salaries.
  - Attention will be made to the total amount of sub-contracts or consultancy in relation to total project costs when assessing eligibility and level of support.
- c) costs related to equipment (subject to requirements in (k) below), facilities and supplies, including purchase, rental, operation and maintenance costs;
- d) user fees such as service fees and subscription/license fees directly related to the project are eligible project costs. Examples of user fees include:
  - costs to access scholarly research to advance the project
  - costs related to specialized software required in the execution of the project;
- e) materials and supplies consumed by the project;
- f) incremental room or facility rentals in respect of the project;

- g) costs related to rent facilities to support conferences and related telecommunication expenses;
- h) travel costs, including meal and accommodation costs in accordance with the OSC's Ultimate Recipient Travel Policy;
- i) dissemination costs (publication costs and other such activities);
- j) other direct project costs which can be specifically identified and measured as incurred in the performance of the project activities such as market studies, insurance and shipping costs;
- k) capital expenditures that are linked to the objectives of the project, vital for the success of research, development, demonstration or commercialization of the project, and not otherwise available as a shared resource. Pre-approval by the OSC is required if an individual capital expenditure or a combined capital asset purchase of the same asset exceeds \$1 million. Where the capital asset will have a useful life beyond the project term and will become part of a member's operations, the eligible capital expenditure will be limited to the proportion of the asset's useful life represented by the project.; and
- l) foreign costs: on an exceptional basis, the Supercluster may authorize expenditures incurred outside of Canada if they are necessary for the success of the project and could not otherwise be undertaken in Canada. The approval of the Supercluster is required in advance for any project costs to be incurred outside of Canada, with a few exceptions. Please see the Supercluster's Foreign Cost Guidance for further details. The Supercluster should be consulted when it is not clear whether an expense is a foreign cost.

## 2

### **Ineligible Project Costs**

Project costs which are not eligible for Supercluster co-investment and are not considered Eligible Project Costs are:

- a) costs unrelated to achieving the objectives of the project;
- b) expenses relating to the construction, purchase of a building or land
- c) salaries, gross wages or contracts in excess of \$300,000 per individual per year;
- d) fines and penalties;
- e) provisions for contingencies;
- f) losses on investments, other projects, contracts, bad debts or expenses for the collection charges;
- g) federal and provincial income taxes, goods and services taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes;
- h) non-incremental costs including depreciation or amortization, excess facilities, vacant or unused space;
- i) amortization of unrealized appreciation of assets;
- j) honoraria, gifts, donations, entertainment expenses and alcoholic beverages;
- k) dues and other memberships other than regular trade and professional associations;
- l) discretionary severance or separation packages;
- m) extraordinary or abnormal fees for professional advice unless Supercluster and

ISED approval is obtained prior to incurring the cost;

- n) costs related to the routine administration and operation of any project consortium member organization, except salary costs related to the project as outlined above;
- o) costs related to overhead or routine administration and operation incurred by any project consortium member organization;
- p) costs for which any project consortium member organization is eligible for a rebate or tax credit from federal, provincial, territorial or municipal government sources;
- q) legal, accounting and consulting fees in connection with litigation or financial reorganization.
- r) payments to federal entities (e.g., the National Research Council).

: