



RESEARCH & INNOVATION INVESTMENT SUMMARY

Prepared by: Robert Merson, February 11, 2014

As predicted by many, a very modest budget has been proposed for 2014. With the goals of a balance budget by next year, and the anticipated need to hold off on any major funding announcements until 2015 (an election year), this year's budget surprisingly still included some new funding for research & innovation.

The biggest surprise was the announcement of the Canada First Research Excellence Fund for post-secondary institutions. There is very little detail on the nature of the fund, or its mandate, but with a projected growth to \$200M per year, it sounds positive. There was also an announced \$46M per year for the Tri-Council programs, which has been a similar commitment for many years now, with the added bonus of an increase to the indirect costs program.

No mention of Genome Canada or Canada Foundation for Innovation, but they were mentioned in last year's budget with a commitment of \$165M for Genome Canada in 2014/15; and \$225M for Canada Foundation for Innovation. No specific mention of The National Research Council (NRC) either, however last year's budget provided an additional \$121M over 2 years to support innovative businesses as the NRC continues to evolve to a new model for partnership with industry.

Entrepreneurship, jobs, and keeping business taxes low was also a theme throughout the budget, which has some benefit to the innovation sector.

Highlights from the budget are included below.

Excerpts on Innovation from the Canadian Federal Budget 2014

Compiled directly from budget (Source: Ministry of Finance, Budget 2014)

Securing International Leadership in Science and Innovation

- Creation of the Canada First Research Excellence Fund, which will help Canadian post-secondary research institutions leverage their key strengths into world-leading capabilities that will generate benefits for Canadians. The budget proposes to provide the Canada First Research Excellence Fund with \$50 million in 2015–16, growing to \$100 million in 2016–17, \$150 million in 2017–18, and reaching a steady-state level of \$200 million annually in 2018–19 and beyond. Within the next decade, the Canada First Research Excellence Fund will provide an additional \$1.5 billion to advance the global research leadership of Canadian institutions. The Canada First Research Excellence Fund, administered by the Social Sciences and Humanities Research Council on behalf of all the granting councils, will be available to all post-secondary institutions on a competitive, peer-reviewed basis. Further details on this initiative will be made available later this year.
- An additional \$46 million per year, starting in 2014–15 and on an ongoing basis, to the granting councils in support of advanced research and scientific discoveries. The new resources are allocated as follows:
 - \$15 million per year to the Canadian Institutes of Health Research, for the expansion of the Strategy for Patient-Oriented Research, the creation of the



Canadian Consortium on Neurodegeneration in Aging and other health research priorities.

- \$15 million per year to the Natural Sciences and Engineering Research Council, to support advanced research in the natural sciences and engineering.
- \$7 million per year for the Social Sciences and Humanities Research Council, to support advanced research in the social sciences and humanities.
- \$9 million per year for the Indirect Costs Program.
- \$8 million over two years to Mitacs to expand its support for industrial research and training of postdoctoral fellows.
- \$10 million over two years, starting in 2014–15, for a pilot initiative to connect the talent, facilities and capabilities of Canada's colleges and polytechnics with the research needs of local community organizations. This funding will be administered by the Social Sciences and Humanities Research Council.
- \$126 million over five years, beginning in 2015–16, to further support the world-leading research taking place at TRIUMF. Combined with an additional \$96 million from the existing resources of the National Research Council, federal support for TRIUMF's core operations will total \$222 million over this five-year period.
- \$117 million over two years for Atomic Energy of Canada Limited to maintain safe and reliable operations at the Chalk River Laboratories, ensure a secure supply of medical isotopes and prepare for the expected transition of the laboratories to a Government-Owned, Contractor-Operated model.
- \$15 million over three years, starting in 2014–15, to support the Institute for Quantum Computing's strategic plan to carry out and commercialize leading-edge research in quantum technologies. (University of Waterloo)
- Over the next five years, the Atlantic Canada Opportunities Agency will provide approximately \$450 million to support innovation and commercialization under its current suite of programs, including the Atlantic Innovation Fund and the Business Development Program. Over the coming year, the Government will refocus its innovation programs delivered through the Atlantic Canada Opportunities Agency to ensure that they are responsive to the needs of business, including small and medium-sized enterprises, and that they effectively support the development and commercialization of new ideas, technologies, products and services that lead to strong economic growth.

Additional Support Highlights

- Economic Action Plan 2014 proposes to provide an additional \$40 million over four years to the Canada Accelerator and Incubator Program to help entrepreneurs create new companies and realize the potential of their ideas through intensive mentoring and other resources to develop their business.
- The Government proposes to strengthen youth programming by dedicating \$40 million toward supporting up to 3,000 full-time internships for post-secondary graduates in high-demand fields for 2014–15 and 2015–16. Of this amount, up to \$30 million would be provided to the National Research Council's Industrial Research Assistance Program to support youth internships in small and medium-sized enterprises undertaking technical research and development projects. The remaining \$10 million will be delivered by Employment and Social Development Canada under the Youth Employment Strategy.

Canadian Federal Budget – FY 2014



Summary Investment Table (3.2.1 from Budget)

Table 3.2.1

Fostering Job Creation, Innovation and Trade

millions of dollars

	2014-15	2015-16	Total
Keeping Taxes Low for Job-Creating Businesses			
Reducing the Tax Compliance Burden			
Revising Remittance Thresholds for Employer Source Deductions	5	15	20
Subtotal—Keeping Taxes Low for Job-Creating Businesses	5	15	20
Fostering Trade and Canadian Entrepreneurship			
Windsor-Detroit International Crossing	195	302	497
Subtotal—Fostering Trade and Canadian Entrepreneurship	195	302	497
Supporting Advanced Research and Innovation			
Securing International Leadership in Science and Innovation		50	50
Supporting Leading-Edge Research Through the Granting Councils	46	46	92
Enhancing Industry-Relevant Research Training	3	5	8
Fostering Social Innovation Through Research at Colleges and Polytechnics	5	5	10
Enabling World-Class Physics Research		44	44
Supporting Atomic Energy of Canada Limited	113	4	117
Fostering Canadian Leadership in Quantum Research and Technologies	5	5	10
Seizing the Opportunities of Open Data	1	1	2
Securing a Competitive and Innovative Automotive Sector	250	250	500
Subtotal—Supporting Advanced Research and Innovation	423	410	833
Promoting Canada's Financial Sector Advantage			
Strengthening Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime	1	2	3
Subtotal—Promoting Canada's Financial Sector Advantage	1	2	3
Total—Fostering Job Creation, Innovation and Trade	624	729	1,354
Less funds existing in the fiscal framework	100	175	275
Less funds sourced from internal reallocations	98	85	183
Net fiscal cost	427	469	896

Note: Totals may not add due to rounding.

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