



## RESEARCH & INNOVATION INVESTMENT SUMMARY

Prepared by: Robert Merson, April 21, 2015

It has been a long wait, but despite the plunging revenues related to the resource sector, the government has committed to a balanced budget for 2015. While many of the budget features have been preeminently announced to entice a pre-electoral public, we in the research and innovation community have been waiting to see if investments for this sector would be a priority.

The answer seems to be that the government is staying their course on research and innovation (i.e. supporting, but not prioritizing); and you'll have to wait until next year to see any new investments. The budget was very descriptive in terms of the investments made in research and innovation since 2006, but there are no significant changes in terms of new investments in this space.

Important investments however will be renewed (assuming of course that the current government is given a renewed mandate post the October 2015 election). Most significantly, the Canada Foundation for Innovation will receive \$1.33B over 6 years starting in 2017-18. The tri-council will receive an additional \$46M per year starting in 2016-17, however this is aligned with similar commitments from previous budget years. The National Research Council (NRC) will receive \$119.2 million over two years, starting in 2015-16. There was no mention of any additional funding for Genome Canada.

Entrepreneurship, jobs, and keeping business taxes low continues to be a recurring theme that has appeared in previous budgets.

Overall, it seems that the falling price of oil has left little revenues for reinvestment in the innovation-based economy.

Highlights from the budget are included below.

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## Excerpts on Innovation from the Canadian Federal Budget 2015

*Compiled directly from budget (Source: Department of Finance, Budget 2015)*

### Supporting World-Class Advanced Research

- Providing an additional \$1.33 billion over six years, starting in 2017–18, to the Canada Foundation for Innovation to support advanced research infrastructure at universities, colleges and research hospitals.
- Providing \$105 million over five years, starting in 2015–16, to CANARIE, Canada's world-class high-speed research and education network.
- Dedicating an additional \$46 million per year to the granting councils, starting in 2016–17.
  - \$15 million per year to the Natural Sciences and Engineering Research Council, of which \$10 million per year is directed to collaborations between companies and researchers from universities and colleges under the new consolidated suite of similar business innovation programs. This new funding will target research areas such as natural resources and energy, advanced manufacturing, and environment and agriculture. The balance of \$5 million per year will be directed to industry-driven research initiatives at Canada's polytechnics and colleges through the College and Community Innovation Program. The Natural Sciences and Engineering Research Council will also continue to support collaborative research in the automotive, manufacturing, forest and fishing industries, further to the direction and resources provided in Budget 2008.
  - \$7 million per year to the Social Sciences and Humanities Research Council for its Partnership Grants, which support collaborations between academic researchers, businesses and other partners to advance research and knowledge mobilization in the social sciences and humanities.
  - \$15 million per year to the Canadian Institutes of Health Research, of which \$13 million is for the expansion of the Strategy for Patient-Oriented Research, to advance health care innovation in partnership with provincial governments, research institutions, and the private and not-for-profit sectors, with a view to increasing the effectiveness and efficiency of the health care system. The balance of \$2 million per year will support additional research to better understand and address the health challenges posed by anti-microbial resistant infections.
  - \$9 million per year to the Research Support Fund to support the indirect costs borne by post-secondary institutions in undertaking federally sponsored research.
- Providing up to \$243.5 million to secure Canada's participation in the Thirty Meter Telescope and related domestic work on leading-edge components.
- Providing up to \$72.3 million in 2015–16, on a cash basis, to Atomic Energy of Canada Limited to maintain safe and reliable operations at the Chalk River Laboratories.
- Providing an additional \$30 million over four years, starting in 2016–17, to support cutting-edge research and technology development in Canada's satellite communications sector.
- Extending Canada's participation in the International Space Station mission to 2024.
- Dedicating \$119.2 million over two years, starting in 2015–16, to the National Research Council's industry-partnered research and development activities.
- Providing \$56.4 million over four years, starting in 2016–17, to Mitacs in support of graduate-level industrial research and development internships.



## **Helping Small Businesses Grow and Fostering Entrepreneurship**

- Reducing the small business tax rate from 11 per cent to 9 per cent by 2019.
- Increasing the Lifetime Capital Gains Exemption to \$1 million for owners of farm and fishing businesses.
- Increasing access to venture capital financing to help innovative, high-growth companies grow and create jobs.
- Providing \$14 million over two years to Futurpreneur Canada in support of young entrepreneurs.
- Supporting the Action Plan for Women Entrepreneurs to help women business owners succeed.

## **Investing in the Health of Canadians**

- Increasing transfers for health care by a projected \$27 billion over the next five years.
- Providing \$14 million over two years for the Canadian Foundation for Healthcare Improvement to help identify efficiencies in the health system.
- Renewing the mandate of the Mental Health Commission of Canada for another 10 years, beginning in 2017–18.
- Providing up to \$42 million over five years, starting in 2015–16, to help improve seniors' health through innovation by establishing the Canadian Centre for Aging and Brain Health Innovation.

# CANADIAN FEDERAL BUDGET – FY 2015



## Summary Investment Table (3.1.1 from Budget)

Table 3.1.1

### Supporting the Manufacturing Sector and Investing in Advanced Research

millions of dollars

	2014– 2015	2015– 2016	2016– 2017	2017– 2018	2018– 2019	2019– 2020	Total
<b>Encouraging Investment in Canada's Manufacturing Sector</b>							
Tax Support for Manufacturing Investment			120	310	360	325	1,115
Fostering Automotive Supplier Innovation		8	17	25	30	20	100
Developing the Canadian Aerospace Supply Chain			6				6
Maximizing Economic Benefits From Defence Procurement			3	3	3	3	10
<b>Subtotal—Encouraging Investment in Canada's Manufacturing Sector</b>		8	146	338	393	348	1,231
<b>Supporting World-Class Advanced Research</b>							
<b>Supporting Research, Infrastructure and Talent</b>							
Investing in Leading-Edge Research Infrastructure Through the Canada Foundation for Innovation				97	207	270	574
Supporting Canada's High-Speed Research Network		21	21	21	21	21	105
Supporting Leading-Edge Research Through the Granting Councils			46	46	46	46	184
Confirming Canada's Participation in the World-Leading Thirty Meter Telescope	25	24	42	43	49	19	201
Investing in Canada's Premier Strengths in Physics		6	9	10	10	10	45
Supporting Atomic Energy of Canada Limited			4	4	5	5	19
Renewing Funding for the Council of Canadian Academies		3	3	3	3	3	15
<b>Supporting Business Innovation</b>							
Supporting Commercialization of Space Technologies			10	10	5	5	30
Fostering Business-Driven Research and Development at the National Research Council		60	60				119
Internships for Next Generation of Research and Development Leaders			11	14	16	16	56
Fostering International Science and Technology Partnerships		1	1	1	1	1	5
<b>Subtotal—Supporting World-Class Advanced Research</b>	25	115	206	249	363	396	1,354
<b>Total—Supporting the Manufacturing Sector and Investing in Advanced Research</b>	25	123	351	586	756	744	2,585
Less funds existing in the fiscal framework		89	104	46	21	21	280
Less funds sourced from internal reallocations	25	24	24	8	9	3	93
<b>Net Fiscal Cost</b>		10	224	532	726	720	2,211

Note: Totals may not add due to rounding.