



INNOVATION INVESTMENT SUMMARY

Prepared by: Robert Merson

Canada's federal budget, presented March 22, 2011, will not be supported by any of the 3 federal opposition parties, and therefore the minority Conservative government will not have the votes they need to pass the budget in the House of Commons. The stage is now set for Canadians to go to an election. The final vote will be Friday March 25.

The budget will now become an election issue. The 352 page document describes no new taxes, and a total of \$2.3B in new spending. The budget proposes a \$40.5B deficit, \$9B less than projected, with the goal of a balanced budget in 4 years.

Innovation was supported in this budget with significant new investments for media and brain research (\$100M each). The tri-councils and Genome Canada were given some new funding, and new investments were made to support commercial innovation.

Excerpts on Innovation from the Canadian Federal Budget 2011

Compiled from budget (Source: Ministry of Finance, Budget 2011)

Driving Innovation—Canada's Digital Economy Strategy

The Next Phase of Canada's Economic Action Plan sets the stage for the Digital Economy Strategy to make Canada a leader in the creation, adoption and use of digital technologies and content. Budget 2011 measures include:

- Providing \$80 million in new funding over three years through the Industrial Research Assistance Program to help small and medium-sized businesses accelerate their adoption of key information and communications technologies through collaborative projects with colleges.
- Announcing \$60 million over the next three years to promote increased student enrolment in key disciplines related to the digital economy.
- Providing funding of \$100 million per year to the Canada Media Fund for investments in the creation of digital content across multiple platforms.

Strengthening Canada's Research Advantage

The Next Phase of Canada's Economic Action Plan announces new resources to support leading-edge research, international collaborations, health research of national importance, and the creation of world-class research centres in Canada. Budget 2011 measures include:

- Investing an additional \$37 million per year to support the three federal research granting councils.
 - \$15 million per year to NSERC to support outstanding research in the natural sciences and engineering fields, such as the Strategy for Partnerships and Innovation.
 - \$15 million per year to CIHR to support advanced health-related research, such as the Strategy on Patient-Oriented Research.
 - \$7 million per year to SSHRC to support world-leading research in the social sciences and humanities, such as partnership activities in priority areas including the digital economy.

Canadian Federal Budget – FY 2011



- Providing an additional \$10 million per year, for the Indirect Costs Program, for costs such as those related to operating and maintaining facilities.
- Investing \$53.5 million over five years to support the creation of 10 new Canada Excellence Research Chairs.
- Allocating up to \$100 million to help establish a Canada Brain Research Fund to support the very best Canadian neuroscience, and accelerate discoveries to improve the health and quality of life for Canadians who suffer from brain disorders.
- Providing an additional \$65 million for Genome Canada to continue its groundbreaking work.
- Investing \$4 million over three years to support the construction of a cyclotron for the production of medical isotopes at the Thunder Bay Regional Research Institute.
- Providing \$35 million over five years to the Natural Sciences and Engineering Research Council of Canada to support excellence in climate and atmospheric research at Canadian post-secondary institutions.
- Providing \$50 million over five years, beginning in 2012–13, to the Perimeter Institute for Theoretical Physics to support its leading research, education and public outreach activities.

Fostering Commercialization and Business Innovation

The Next Phase of Canada's Economic Action Plan supports the creation of high-value jobs with targeted resources to improve commercialization and support demonstration of new technologies in the marketplace. Budget 2011 measures include:

- Supporting 30 new Industrial Research Chairs at colleges with \$3 million in 2011–12 and \$5 million a year on a permanent basis starting in 2012–13.
- Allocating \$12 million over five years, starting in 2011–12, through the Idea to Innovation program to support joint college-university commercialization projects.
- Providing \$40 million over two years to Sustainable Development Technology Canada to continue to support the development and demonstration of new clean technology projects.
- Supporting the operations of the National Optics Institute with \$45 million over five years.

Supporting Canadian Agriculture

The Next Phase of Canada's Economic Action Plan promotes the long-term profitability and global competitiveness of the agricultural sector by:

- Announcing a two-year, \$50-million Agricultural Innovation Initiative to support knowledge creation and transfer and increased commercialization of agricultural innovations.
- Providing \$17 million over five years for a management and monitoring strategy to contain and prevent the spread of plum pox.
- Providing \$24 million over two years to extend the Initiative for the Control of Diseases in the Hog Industry.
- Ensuring that the Agri-Québec program is accorded the same tax treatment that is currently provided to the federal AgriInvest program.
- Providing an additional \$100 million over five years to the Canadian Food Inspection Agency to improve food inspection capacity.

Establishing a Canada-India Research Centre of Excellence

As part of the Government's wider India engagement strategy, Budget 2011 provides \$12 million over five years for a competition to select a Canada-India Research Centre of Excellence, open to proposals in all areas of research.



Summary Investment Table (4.3.1 from Budget)

Table 4.3.1

Investing in Innovation, Education and Training

| | 2010–11 | 2011–12 | 2012–13 | Total |
|--|-----------------------|---------|---------|-------|
| | (millions of dollars) | | | |
| Driving Innovation—Canada's Digital Economy Strategy | | | | |
| Accelerating adoption of information and communications technologies | | 20 | 30 | 50 |
| Building Digital Skills | | | | |
| Showcasing Canada's digital content | | 100 | 100 | 200 |
| Subtotal—Driving Innovation—Canada's Digital Economy Strategy | | 120 | 130 | 250 |
| Strengthening Canada's Research Advantage | | | | |
| Supporting leading-edge research | | | | |
| Natural Sciences and Engineering Research Council of Canada | | 15 | 15 | 30 |
| Canadian Institutes of Health Research | | 15 | 15 | 30 |
| Social Sciences and Humanities Research Council of Canada | | 7 | 7 | 14 |
| Indirect costs of research | | 10 | 10 | 20 |
| Attracting world-leading talent | | | 10 | 10 |
| Advancing knowledge and treatment of brain disorders | | 10 | 10 | 20 |
| Maintaining Canada's leadership in genomics research | | 65 | | 65 |
| Expanding medical isotope production | | 2 | 1 | 3 |
| Supporting climate and atmospheric research | | 7 | 7 | 14 |
| Supporting the Perimeter Institute for Theoretical Physics | | | 10 | 10 |
| Subtotal—Strengthening Canada's Research Advantage | | 131 | 85 | 216 |
| Fostering Commercialization and Business Innovation | | | | |
| Enhancing commercialization through research at colleges | | 4 | 7 | 11 |
| Advancing clean technology projects | | 20 | 20 | 40 |
| Supporting the National Optics Institute Centre of Excellence | | | | |
| Subtotal—Fostering Commercialization and Business Innovation | | 24 | 27 | 51 |



Table 4.3.1 (cont'd)

Investing in Innovation, Education and Training

| | 2010-11 | 2011-12 | 2012-13 | Total |
|---|-----------------------|------------|------------|------------|
| | (millions of dollars) | | | |
| Promoting Education and Training | | | | |
| Enhancing federal student financial assistance | | | | |
| Doubling the in-study income exemption | | 24 | 30 | 54 |
| Increasing the eligibility threshold for part-time students and reducing to zero the in-study interest rate | | 2 | 5 | 7 |
| Investing in adult basic education in the North | | 2 | 7 | 9 |
| Supporting Canadian students abroad | 3 | 10 | 10 | 23 |
| Extending tax relief to certification examinations | 1 | 5 | 5 | 11 |
| A new international education strategy | | 5 | 5 | 10 |
| Subtotal—Promoting Education and Training | 4 | 48 | 62 | 114 |
| Total—Investing in Innovation, Education and Training | 4 | 323 | 304 | 632 |

Note: Totals may not add due to rounding.

For additional information about funding for innovation in Canada, contact:

Robert Merson, Management Consultant

T : 416-669-0159

E: rmerson@mersoncorp.com

W: www.mersoncorp.com/mci

