Budget 2012
March 29, 2012

Highlights from the Budget Plan

The information below is taken directly from the budget plan. Please note the following comments from AUCC:

- **Indirect costs:** While Budget 2012 does not specifically mention the indirect costs of research, we were told there are no increases or decreases in the current levels. We were also told that the areas to which new funding is being directed (e.g., university and private-sector collaboration) are in council programs that do not generate indirect costs of research (e.g., scholarship programs and some business partnerships programs).

- **Granting council cuts:** Annex 1 identifies cuts in all departments and agencies. The cuts for granting councils in the second year (2013-14), while not offset by increases in this budget, may well be offset by increases in subsequent budgets as they were in 2009.

- **NRC:** Funding for the NRC Clusters Programs ($67 million), which are important for some members, is due to end in March 2012. While there is no clear direction in the budget, NRC was given $67 million as a transition fund to concentrate on new business-driven, industry-relevant research. There are clearly possibilities for connections in this transition period to continue to fund research project on some cluster projects. Details are not yet available.

- **SR&ED:** This tax program is being reduced in order to fund some of the direct spending programs announced in this budget. At this stage it appears that the impact for universities will likely be minimal. The rate on contract research is being reduced from 100% to 80%, which will impact what private-sector partners can claim for the SR&ED credit. For every $100 in research businesses do with universities now, they will be able to claim only $80 for this tax credit.

From budget:

**Supporting Private and Public Sector Research Collaboration**

The budget contains measures to enhance support for high-potential research collaborations between businesses and researchers.
Promoting Post-Secondary and Private Sector Research Collaborations

Economic Action Plan 2012 proposes $37 million annually to enhance the granting councils’ support for industry-academic research partnership initiatives.

The federal granting councils support outstanding research and advanced training at post-secondary institutes and research hospitals. The granting councils have been increasing their focus on partnerships between postsecondary researchers and companies to target research to business needs and transfer knowledge into economic advantage. The granting councils will be pursuing operational efficiencies and reallocation of funding from lower-priority programs to generate savings. The Government will fully reinvest 2012–13 savings in priority areas of the granting councils, particularly in industry-academic partnerships. Specifically, Economic Action Plan 2012 proposes $37 million annually starting in 2012–13 to the granting councils to enhance their support for industry-academic research partnership initiatives. The new resources for the councils will be allocated as follows:

- $15 million per year to the Canadian Institutes of Health Research for its Strategy for Patient-Oriented Research.
- $15 million per year to the Natural Sciences and Engineering Research Council for its Strategy for Partnerships and Innovation.
- $7 million per year to the Social Sciences and Humanities Research Council for its industry-academic partnership initiatives.

Integrating High-Quality Researchers Into the Labour Market

Economic Action Plan 2012 proposes $14 million over two years to double the Industrial Research and Development Internship program.

The Industrial Research and Development Internship program currently helps 1,000 graduate students undertake hands-on research in innovative Canadian firms each year. This initiative provides host firms with access to cutting-edge research and skills, while providing students with valuable applied research experience in a private sector setting. To double the resources of the Industrial Research and Development Internship program, Economic Action Plan 2012 proposes $14 million over two years. This new funding will be administered by Mitacs, an advanced research organization with a proven track record of helping businesses solve problems through access to graduate students.

Strengthening Knowledge Transfer and Commercialization

The Business-Led Networks of Centres of Excellence program supports research on business priorities by teams of private sector researchers and academics. The program has proven to be an effective way to link innovative businesses to Canada’s world-class researchers, helping to create and sustain knowledge-based jobs. To build on the success of these collaborations, Economic Action Plan 2012 proposes $24 million over two years and $12 million per year thereafter to make the Business-Led Networks of Centres of Excellence program permanent.

**Investing in Genomics Research**

*Economic Action Plan 2012 proposes an additional $60 million for genomics research.*

Genome Canada is a not-for-profit corporation dedicated to supporting Canada’s research leadership in genomics, a fast-growing field that has significant potential social and economic benefits. Genomics research helps unlock new possibilities in important areas such as health, fisheries, forestry, agriculture and the environment. To date, the Government has provided $980 million to Genome Canada, which along with funding from other partners will result in close to $2 billion in genomics research in Canada. To help achieve important future genomics research breakthroughs, Economic Action Plan 2012 proposes an additional $60 million for Genome Canada to launch a new applied research competition in the area of human health, and to sustain the Science and Technology Centres until 2014–15.

**Investing in Mental Health Research**

*Economic Action Plan 2012 proposes $5.2 million in 2012–13 to establish and integrate a network of mental health-related professionals.*

Research will be centered on treating depression, with a focus on suicide prevention and post-traumatic stress disorder. Mental health-related illnesses impact the lives of many Canadians, at a great social and economic cost. The advancement of research in this area, particularly research aimed at developing more effective diagnostic and treatment tools, is critical to improving the lives of these individuals. Economic Action Plan 2012 proposes $5.2 million in 2012–13 to support the Canadian Depression Research and Intervention Network. The Mood Disorders Society of Canada, in conjunction with the Mental Health Commission of Canada, will lead the development of the Network, connecting over 80 of Canada’s brightest depression researchers from across the country. Particular focus will be on suicide prevention and identifying and treating post-traumatic stress disorder. Funding provided in the budget will serve as a catalyst for private and public sector investment.

**Promoting Cost-Effective Health Care**

*Economic Action Plan 2012 proposes $6.5 million over three years for a health research project at McMaster University.*
Economic Action Plan 2012 proposes $6.5 million over three years for a research project at McMaster University. The project will evaluate ways to achieve better health outcomes for patients while also making the health care system more cost-effective, through greater implementation of medical teams. Federal support will be augmented by contributions from other partners.

Advancing Knowledge and Treatment of Spinal Cord Injury

Economic Action Plan 2012 announces the Government’s commitment to support spinal cord injury research at the Rick Hansen Institute.

To help improve the lives of people living with spinal cord injuries, the Government will continue to partner with the Rick Hansen Institute to support its work to achieve breakthroughs in spinal cord injury research and care.

Diversifying Canada’s Medical Isotope Supply

Economic Action Plan 2012 proposes $17 million over two years to further develop alternatives to existing isotope production technologies.

Medical isotopes are used in a variety of treatments and diagnostic procedures that help save lives. In Budget 2010, the Government provided $35 million over two years to Natural Resources Canada to support research and development towards new technologies for the production of medical isotopes to help replace reactor-based isotope supplies. Very promising results have been demonstrated to date, but more work is required to bring these new technologies to commercial scale. To further advance the development of alternatives to existing isotope production technologies and help secure the supply of medical isotopes for Canadians, Economic Action Plan 2012 proposes an additional $17 million over two years to Natural Resources Canada.

Supporting Leading-Edge Researchers

Economic Action Plan 2012 proposes $10 million over two years to support linkages between Canadian researchers and leading international minds.

The Canadian Institute for Advanced Research (CIFAR) is a private, non-profit organization linking Canadian researchers with the top minds from around the world. Its main priority is to establish and maintain global networks of top researchers and students, enabling Canadians to participate in and lead groundbreaking work on the international stage. To enhance the organization’s activities and allow it to continue to link Canadian researchers to the world, Economic Action Plan 2012 proposes $10 million over two years to CIFAR.
Investing in Leading-Edge Research Infrastructure

Canada Foundation for Innovation

*Economic Action Plan 2012 proposes $500 million over five years to support advanced research infrastructure.*

The federal government has allocated $5 billion to the Canada Foundation for Innovation to date, most recently providing $750 million through Budget 2009. The Government will sustain its investments in advanced research infrastructure. To support the Foundation’s core activities, *Economic Action Plan 2012 proposes $500 million over five years, starting in 2014–15, to the Canada Foundation for Innovation. The funding will support new competitions with funding awarded in 2014–15.*

Supporting Canada’s Ultra-High Speed Research Network

*Economic Action Plan 2012 proposes $40 million over two years to support the operations of Canada’s ultra-high speed research network.*

**CANARIE** is a not-for-profit organization that operates Canada’s only ultra-high speed national research and education network, providing vital infrastructure for world-leading research and innovation in Canada. To sustain the evolution of the network and ensure that it continues to encourage world-class research collaborations across the country, *Economic Action Plan 2012 proposes $40 million over two years to CANARIE to support the operations of Canada’s ultra-high speed research network.*

The Canadian High Arctic Research Station

*Economic Action Plan 2012 announces the Government’s ongoing commitment to establishing the Canadian High Arctic Research Station.*

Canada’s Economic Action Plan laid the groundwork to establish a world-class research station in the North. As announced by the Prime Minister in August 2010, the station will be located in Cambridge Bay. Once established, the station will provide a year-round presence in the region and anchor the Network of research infrastructure across Canada’s North, making a significant contribution towards the Government’s Northern Strategy. The Government will be announcing next steps in the establishment of the Canadian High Arctic Research Station in the coming months.

Extending Canada’s Participation in the International Space Station Mission

*Economic Action Plan 2012 confirms that Canada will continue its participation in the International Space Station mission to 2020.*
Canada’s participation in international space projects demonstrates its position as a sophisticated research and innovation leader, with a global advantage in several niche technology areas, including robotics. To sustain Canada’s leadership in space research, the Government confirms that Canada will continue its participation in the International Space Station mission to 2020. The Canadian Space Agency will engage with NASA to define the terms of this continued participation. To explore how best to address key issues facing the aerospace and space sectors, such as innovation, market access and development, skills development, procurement, and supplier development, the Government is proceeding with a review of federal aerospace and space programs and policies. The Honourable David L. Emerson will head the review and will report his findings to the Minister of Industry in late 2012.

Revitalizing Natural Resources Canada’s Satellite Station Facilities

*Economic Action Plan 2012 proposes $23 million over two years for new satellite data reception facilities and the development of a data management system.*

To support the observation of Canada’s vast geography, Economic Action Plan 2012 proposes $23 million over two years to Natural Resources Canada for new satellite data reception facilities and the development of a data management system.

Supporting Atomic Energy of Canada Limited

*Economic Action Plan 2012 proposes $107 million over two years to ensure a secure supply of medical isotopes and maintain safe and reliable operations at Atomic Energy of Canada Limited’s Chalk River Laboratories.*

To ensure a secure supply of medical isotopes and maintain safe and reliable operations at the Chalk River Laboratories, Economic Action Plan 2012 proposes $107 million over two years for AECL’s laboratory operations.

Creating value-added jobs through innovation

Informed by the advice of the Expert Review Panel on Research and Development, the Government is committed to a new approach to supporting innovation in Canada, by pursuing active business-led initiatives that focus resources on better meeting private sector needs. Economic Action Plan 2012 begins to deliver on this commitment.

This new approach will promote business innovation through improved support for high-growth companies, research collaborations, procurement opportunities, applied research and risk
financing. This will provide a solid foundation on which Canada’s globally competitive businesses
can build by making the investments in innovation required to create high-value jobs and long-term
economic growth. In particular, the Government will:

- Double the contribution budget of the Industrial Research Assistance Program to better
  support research and development by small and medium-sized companies.
- Support private and public research collaboration through internships for graduate students
  and funding for business-led research and development.
- Support innovation through procurement by connecting small and medium-sized companies
  with federal departments and agencies to build their capacity to compete in the
  marketplace.
- Refocus the National Research Council on demand-driven business-oriented research that
  will help Canadian businesses develop innovative products and services.
- Help high-growth firms access risk capital by committing significant funds to lever increased
  private sector investments in early-stage risk capital and to support the creation of large-
  scale venture capital funds led by the private sector.
- Streamline and improve the SR&ED tax incentive program by removing capital from the
  expenditure base, making it more cost-effective through design improvements and a
  measured rate reduction, and providing greater predictability through administrative
  improvements.

The Panel’s recommendations are wide-ranging and the Government will continue to study them carefully. In particular, the Government will explore options to consolidate the suite of programs that supports business innovation to make it easier for businesses to access government support and improve efficiency. In addition, the Government will help innovative companies have greater access to private sector risk capital. The Government will announce further actions in response to the Panel’s recommendations in the coming months and in Budget 2013.

**Doubling the Industrial Research Assistance Program**

*Economic Action Plan 2012 proposes an additional $110 million per year starting in 2012–13 to
double support for companies through the Industrial Research Assistance Program.*

Economic Action Plan 2012 proposes an additional $110 million per year starting in 2012–13 to the National Research Council to double the Industrial Research Assistance Program. The National Research Council will also create a concierge service that will provide information and assistance to small and medium-sized businesses to help them make effective use of federal innovation programs.

**Supporting Innovative Businesses in Western Canada**

*Economic Action Plan 2012 announces the upcoming launch of the Western Innovation Program.*
Western Economic Diversification Canada will soon be launching the Western Innovation Program. The new program will provide financial support to innovative small and medium-sized enterprises in Western Canada, and is consistent with those offered in other regions such as the Business and Regional Growth program administered by Canada Economic Development for Quebec Regions; the Business Development Program administered by the Atlantic Canada Opportunities Agency; and the Southern Ontario Development Program administered by the Federal Economic Development Agency for Southern Ontario.

Refocusing the National Research Council
Economic Action Plan 2012 proposes $67 million in 2012–13 to support the National Research Council in refocusing on business-led, industry-relevant research. In consultation with businesses and university and college stakeholders, the Government will consider ways to better focus the National Research Council on demand-driven research, consistent with the recommendations of the Expert Panel.

Scientific Research and Experimental Development Tax Incentive Program
Consistent with the recommendations of the Expert Panel, Economic Action Plan 2012 is proposing a number of measures to streamline and improve the SR&ED tax incentive program. The savings generated by these actions will be invested in direct support programs that will reinforce business innovation in Canada.

Aboriginal education and skills training

Investments to Improve First Nations Education

*Economic Action Plan 2012 commits the Government to introduce legislation, and explore new funding mechanisms, for First Nations elementary and secondary education, and proposes $275 million over three years to support First Nations education.*

In response to the national panel report, the Government will work with willing partners to introduce a First Nation Education Act and have it in place for September 2014. The purpose of this legislation is to establish the structures and standards to support strong and accountable education systems on reserve. To help ensure readiness for the new First Nations education system to be outlined in legislation, this budget will invest $100 million over three years for First Nations education to provide early literacy programming and other supports and services to First Nations schools and students, and to strengthen their relationships with provincial school systems.
To complement these investments in First Nations education programming, this budget will invest $175 million over three years to build and renovate schools on reserve, providing First Nations youth with better learning environments. This will build on investments in on-reserve school infrastructure made as part of Canada’s Economic Action Plan between 2009 and 2011.

Helping First Nations on Reserve Access the Labour Force

*Economic Action Plan 2012 announces the Government’s commitment to improve the incentives in the on-reserve Income Assistance Program while encouraging those who can work to access training so they are better equipped for employment.*

Equipping First Nations people with the skills and opportunities they need to fully participate in the economy is a priority for this Government and First Nations. In many areas of the country, First Nations communities are ideally placed to contribute to and benefit from large economic projects.

Through Economic Action Plan 2012, the Government is committing to make progress by better aligning its on-reserve Income Assistance Program with provincial systems through improved compliance with program requirements. The Government will also work with First Nations to encourage those who can work to access training and, more broadly, to improve the incentives for labour market participation in this program. Canada’s young Aboriginal population has tremendous potential for long-term success and economic prosperity, and our Government is committed to helping them achieve their full potential.

Urban Aboriginal Strategy

*Economic Action Plan 2012 proposes $27 million over two years to renew the Urban Aboriginal Strategy.*

Job creation and skills training

Enhancing the Youth Employment Strategy

*Economic Action Plan 2012 proposes $50 million over two years to enhance the Youth Employment Strategy.*

Economic Action Plan 2012 provides an additional $50 million over two years to assist more young people in gaining tangible skills and experience. This funding will focus on connecting young Canadians with jobs in fields that are in high demand.
International Education Strategy

Education, innovation and knowledge are key drivers in a world economy. Attracting more international students and researchers to Canada will create jobs and economic growth, expand our people-to-people ties in priority markets, showcase Canadian research excellence abroad, help produce a more skilled workforce and foster closer ties between Canadian and international educational institutions.

Recognizing the need for a comprehensive plan, Budget 2011 announced Canada’s International Education Strategy. An expert Advisory Panel was named in October 2011 and is chaired by Dr. Amit Chakma, President and Vice-Chancellor, University of Western Ontario. The Panel has completed its engagement with Canadian stakeholders and partners and will soon submit a report with recommendations that will aim to deepen educational links between Canada and international institutions and contribute to Canada’s long-term prosperity.