

## Investing in the Middle Class

### Highlights from Budget 2019

BUDGET2019



BUDGET PLAN



GOOD JOBS



HOUSING



SENIORS



PHARMACARE

#### General Observations

Budget 2019, **Investing in the Middle Class** is a pre-election budget that proffers a more strategic, voter-relatable set of research investments and at the same time strengthens the federal government's commitment to the research environment and a highly skilled workforce, which are the cornerstones of a globally competitive knowledge economy.

Keeping in mind that our sector's ultimate success in improving Canadians' health and contributing to the economy is rooted in predictable and sustainable investments in the key research agencies that fund projects, people and research infrastructure, this budget is in stark contrast to Budget 2018 that made an unprecedented and historic investment in Canadian research across these pillars.

This being said, we welcome the \$114 million to create 500 **more master's level scholarship awards** and 167 more three-year **doctoral scholarship awards** annually through the Canada Graduate Scholarship program. This investment sends the message that Canada values and supports developing researchers and is committed to the projects of which they are a part. At the same time, the investment falls short of the one proposed by the Expert Panel on Fundamental Science, and misses an opportunity to better support **post-doctoral trainees**.

Research Canada welcomes Budget 2019's investments to ensure that **Indigenous students** have better access to post-secondary education, and more support to ensure that they can succeed during their studies. Canada will not uncover truth and experience reconciliation with Indigenous peoples if their communities continue to trail the rest of the population in key areas.

The investments and legislative change aimed at **modernizing and harmonizing regulatory standards**, to help accelerate the pace of innovation and deliver impact to patients sooner is also an important step in the right direction along with the elimination of the income threshold for accessing enhanced credit through **the Scientific Research and Experimental Development**

**(SR&ED) Tax Incentive Program.** It will be critically important; however, to engage the **health and biosciences sector** and solicit their advice and expertise as the government develops regulatory roadmaps and takes next steps towards updating the regulatory regime so that these changes are aligned with industry realities.

Research Canada applauds the \$18 million investment in the **Stem Cell Network** as well as the \$100.5 million in **Genome Canada** and is extremely pleased with the investment of \$25 million in Veteran Health Research through the **Canadian Institute for Military and Veteran Health Research (CIMVHR)**.

Though this budget continues to support innovation, it was lacking in new measures for applied research at colleges and institutes. **Colleges and institutes** are uniquely positioned to support lifelong learning, which leads to innovation because they stand closest to the crossroads of higher education and the real world.

Budget 2019 also omitted any investment in the indirect costs of research through the **Research Support Fund (RSF)**. The demand and need for this funding continues to outstrip academic institutions available resources. Research Canada recommended the government increase the minimum threshold for reimbursement of indirect research costs to 25 per cent for all institutions via the RSF in its FINA submission.

Also, as [HealthCareCAN](#) points out the government has continued to demonstrate a serious oversight by failing to recognize the critical infrastructure deficit facing hospitals and healthcare organizations across the country.

In many ways, though, Budget 2019 is a **“budget becoming a budget”** in that it does not fully explain and provide significant details regarding a number of proposals including those that are relevant to the health research enterprise and health innovation system.

The Government of Canada took bold steps in Budget 2018 towards reversing a previous worsening scenario of declining Canadian research and innovation competitiveness demonstrating it understands what is at stake and shares the research community’s vision for excellence. We cannot falter at this critical moment. Delayed investment in projects, people and research infrastructure in an era of rapid innovation means delayed, even lost, developments, skills, talent and economic opportunity.

In this spirit, Research Canada looks forward to continuing our work with the Government of Canada to better understand the proposals relevant to our sector in Budget 2019.

## Investing in Students

### ***Canada Graduate Scholarship Program***

To help more students access graduate studies, Budget 2019 proposes to provide \$114 million over five years, starting in 2019-20, with \$26.5 million per year ongoing, to the federal granting councils to create 500 more master's level scholarship awards annually and 167 more three-year doctoral scholarship awards annually through the Canada Graduate Scholarship program. (p. 48)

In addition, the federal government will work collaboratively with willing provincial and territorial partners on options to improve access to financial supports for graduate students from low-income families. (p. 48)

### ***Paid Parental Leave for Student Researchers***

To further improve equity, diversity and inclusion in the research system, Budget 2019 proposes to provide a total of \$37.4 million over five years, starting in 2019–20, and \$8.6 million per year ongoing, to the federal granting councils, to expand parental leave coverage from six months to 12 months for students and postdoctoral fellows who receive granting council funding. This investment will help young researchers, especially women. It will also help parents better balance work obligations with family responsibilities, such as child care. (p. 47)

**Comment:** The Fundamental Science Review Panel recommended that the Government boost Canadian competitiveness in attracting and developing our next generation of highly skilled researchers through a base increase of \$140 million over four years to harmonize, upgrade and bring strategic focus to the direct federal awards system for doctoral students, post-doctoral trainees and fellows.

While the health research community welcomes Budget 2019's investment in master's level and doctoral scholarships, the level of investment falls short of the Panel's recommendation and it does not include post-doctoral trainees and fellows. This is a missed opportunity to invest in a highly skilled group of Canadians who are vital to the success of the knowledge economy.

### ***Indigenous Post-Secondary Education***

Indigenous Peoples are among the youngest and fastest-growing segments of the Canadian population, yet they continue to face barriers when it comes to pursuing post-secondary education and finding good, well-paying work. Budget 2019 proposes a number of investments, starting in 2019–20 and totaling \$824.0 million over ten years, to ensure that Indigenous students have better access to post-secondary education, and more support to ensure that they can succeed during their studies. This includes support for:

- First Nations communities by investing \$327.5 million over five years to renew and expand funding for the Post-Secondary Student Support Program while the Government

engages with First Nations on the development of longterm First Nations-led post-secondary education models.

- An Inuit-led post-secondary education strategy through an investment of \$125.5 million over ten years, and \$21.8 million per year ongoing.
- A Métis Nation-led post-secondary education strategy consisting of financial assistance for Métis Nations students through an investment of \$362.0 million over ten years, and \$40.0 million per year ongoing.

To further support Indigenous students, Budget 2019 proposes to provide Indspire with \$9.0 million over three years, starting in 2019–20, for additional bursaries and scholarships for First Nations, Inuit and Métis students. Indspire is an Indigenous-led registered charitable organization with a proven track record of helping Indigenous students attend post-secondary institutions and find good jobs.

Finally, to help Indigenous students access the full range of available student supports, including financial assistance programs such as Canada Student Grants, the Government will engage Indigenous Peoples to ensure that these programs are working for them. (p. 49)

**Comment:** Indigenous youth are the fastest growing segment of the population in Canada, and there's a real need to provide support for Indigenous students: young, talented, capable people who should have better access to education. The [Canadian Federation of Students](#) expressed support for these measures. [Colleges and Institutes Canada \(CICan\)](#) pointed out that colleges and institutes are the main provider of post-secondary education among Indigenous communities, and therefore have a critical role to play in Indigenous post-secondary education.

### ***Student Work Placement Program***

Budget 2019 proposes to expand the Student Work Placement Program to fields outside of science, technology, engineering and math (STEM) – such as the arts, humanities and social sciences – to give more Canadian students the opportunity to gain paid work experience related to their field of study. Budget 2019 proposes to invest \$631.2 million over five years, starting in 2019-20, to support up to 20,000 new work placements per year for post-secondary students across Canada, in all disciplines, by 2021-22. (p. 54)

In addition, Budget 2019 proposes to provide Employment and Social Development Canada with an additional \$150.0 million over four years, starting in 2020-21, to create partnerships with innovative businesses to create up to a further 20,000 work-integrated learning opportunities per year. (p. 54)

**Comment:** Canada's universities, colleges and institutes applauded Budget 2019's commitment to help students enter the workforce. [Universities Canada](#) indicated that this kind of program

supports lifelong and work-integrated learning, and helps Canadians thrive in the labour markets of today and tomorrow.

At the same time, [CICan](#) raised the point that though this budget continues to support innovation, it was lacking in new measures for applied research at colleges and institutes. Research Canada views this as a missed opportunity and agrees with CICan that these post-secondary institutions provide the innovation skills that today's learners need, including up-to-date learning facilities and a stable enabling environment for applied research.

## Investing in Research and Health

### ***Strategic Science Fund***

To make federal investments in third-party science and research more effective, Budget 2019 proposes to establish a new Strategic Science Fund, starting in 2022-23, that will be the Government's key new tool to support third-party science and research organizations. Going forward, the selection of recipient organizations and corresponding level of support will be determined through the Fund's competitive allocation process, with advice from the expert panel and informed by the Minister of Science's overall strategy. The Minister of Science will provide more detail on the Fund over the coming months.

**Comment:** Through this fund, the government is promising a new, more principled approach to research funding for third-party organizations (TPOs). TPOs include organizations such as the Council of Canadian Academies, the Stem Cell Network, Genome Canada, MITACS and the Centre for Drug Research and Development among others. The fund is not aimed at projects, but rather organizations that are independent of government, have separate contribution agreements, funded through general revenues and are not tied to granting councils or other research agencies per se. This fund will probably be structured much like the Strategic Innovation Fund (SIF), be capped in terms of funding and overseen by a body like ISED – all for greater accountability and transparency.

This new fund does beg the following question: How do we coordinate oversight and mitigate gaps and overlaps in research funding with yet another fund in the absence of a comprehensive plan for Canadian research and innovation?

### ***Support for Science, Research and Technology Organizations***

Budget 2019 proposes to make additional investments in support of the following organizations:

- **Stem Cell Network:** Stem cell research—pioneered by two Canadians in the 1960s—holds great promise for new therapies and medical treatments for respiratory and heart diseases, spinal cord injury, cancer, and many other diseases and disorders. The Stem Cell Network is a national not-for-profit organization that helps translate stem cell research into clinical applications and commercial products. To support this important work and foster Canada's leadership in stem cell research, Budget 2019 proposes to

provide the Stem Cell Network with renewed funding of \$18 million over three years, starting in 2019–20.

- **Brain Canada Foundation:** The Brain Canada Foundation is a national charitable organization that raises funds to foster advances in neuroscience discovery research, with the aim of improving health care for people affected by neurological injury and disease. To help the medical community better understand the brain and brain health, Budget 2019 proposes to provide the Brain Canada Foundation’s Canada Brain Research Fund with up to \$40 million over two years, starting in 2020–21. This investment will be matched by funds raised from other non-government partners of the Brain Canada Foundation.
- **Genome Canada:** The insights derived from genomics—the study of the entire genetic information of living things encoded in their DNA and related molecules and proteins—hold the potential for breakthroughs that can improve the lives of Canadians and drive innovation and economic growth. Genome Canada is a not-for-profit organization dedicated to advancing genomics science and technology in order to create economic and social benefits for Canadians. To support Genome Canada’s operations, Budget 2019 proposes to provide Genome Canada with \$100.5 million over five years, starting in 2020–21. This investment will also enable Genome Canada to launch new large-scale research competitions and projects, in collaboration with external partners, ensuring that Canada’s research community continues to have access to the resources needed to make transformative scientific breakthroughs and translate these discoveries into real-world applications.
- **Terry Fox Research Institute:** The Terry Fox Research Institute manages the cancer research investments of the Terry Fox Foundation. Budget 2019 proposes to provide the Terry Fox Research Institute with up to \$150 million over five years, starting in 2019–20, to help establish a national Marathon of Hope Cancer Centres Network. The Institute would seek matching funding through a combination of its own resources and contributions that it would seek from other organizations, including hospital and research foundations.
- **Ovarian Cancer Canada:** Ovarian Cancer Canada supports women living with the disease and their families, raises awareness and funds research. Budget 2019 proposes to provide Ovarian Cancer Canada with \$10 million over five years beginning in 2019–20 to help address existing gaps in knowledge about effective prevention, screening, and treatment options for ovarian cancer.
- **Let’s Talk Science:** Science, technology, engineering and math (STEM) are not just things we study in school—together, they are transforming all aspects of our lives, and redefining the skills and knowledge people need to succeed in a changing world. Let’s Talk Science engages youth in hands-on STEM activities and learning programs, such as science experiments, helping youth develop critical thinking skills and opening up doors to future study and work in these fields. It also helps ensure more girls—and other

groups that are underrepresented in STEM—gain and maintain interest in STEM from an early age. Budget 2019 proposes to provide Let’s Talk Science with \$10 million over two years, starting in 2020–21, to support this important work. (p. 121)

**Comment:** Research Canada applauds, in particular, the \$18 million investment over three years in the Stem Cell Network, which translates stem cell research into clinical applications and commercial products, as well as the \$100.5 million investment over five years starting in 2020-21 in Genome Canada.

Budget 2019 was, indeed, an election budget focused on targeted investments in our sector that would resonate with voters. The strategic investments in selected areas of research stood in stark contrast to the funding windfall across fundamental science we witnessed in Budget 2018. The question remains: In offering a more strategic, voter-relatable set of research investments, are we creating a potentially complicated system of governance and oversight?

### ***National Dementia Strategy***

Building on investments made in Budget 2018, and in support of the *National Strategy for Alzheimer’s Disease and Other Dementias Act*, Budget 2019 proposes to provide the Public Health Agency of Canada with \$50 million over five years, starting in 2019–20, to support the implementation of Canada’s first National Dementia Strategy, which is expected to be publicly released this spring.

Working with key stakeholders, including the provinces and territories, this funding will help improve the quality of life of people living with dementia, and their caregivers, by:

- Increasing awareness about dementia through targeted campaigns and activities that focus on prevention, as well as reducing risk and stigma.
- Developing treatment guidelines and best practices for early diagnosis.
- Improving our understanding of the prevalence and effects of dementia on our communities. (p. 153)

**Comment:** More than 400,000 Canadian seniors were living with dementia in 2013-14, two-thirds of them women. Symptoms can include memory loss, challenges with language and changes in behaviour. Groups like the Alzheimer Society, which have long urged Ottawa to take action, welcomed the announcement that will amount to three million in spending in 2019-2020 and 12 million each year in the following fiscal years.

For those of us in the health research community, there are questions regarding whether there are any funds within this initiative for research, given the ongoing biological, psychological and social research discoveries and advancements in the field.

### ***Opioid Crisis***

Building on investments made in Budget 2018, Budget 2019 proposes to provide additional funding of \$30.5 million over 5 years, starting in 2019–20, with \$1 million in ongoing funding, for targeted measures to address persistent gaps in harm reduction and treatment. Specifically, funding will support efforts to expand access to a safe supply of prescription opioids, protecting people with problematic opioid use from the risks of overdose and death. It will also support better access to opioid overdose response training and to Naloxone—a life-saving medication that can stop or reverse an opioid overdose—in underserved communities. (p. 156)

**Comment:** Prescription painkillers and illicit fentanyl are together fuelling a national epidemic of opioid-related overdoses, claiming the lives of more than 2,800 people in Canada last year. The crisis is affecting every region. No area of Canada is necessarily safe from this crisis. We are facing two different but overlapping issues: first, overdose deaths from prescription opioids and second, overdose deaths from illicit drugs laced with fentanyl or other synthetic opioids.

The challenge for policy makers across Canada will be tailoring interventions to address both prescription and illicit opioids. Budget 2019 takes an important step in this direction; however, let us not forget how research must continue to inform solutions to the opioid crisis.

### ***Military and Veteran Health***

The rate of chronic pain among veterans, in particular, is almost double that of the general Canadian population. Budget 2019 proposes to create a Centre of Excellence on Chronic Pain Research. Working closely with veterans, partners and experts in the field, the Centre will help ensure that veterans' chronic pain realities are reflected in research on chronic pain treatment, and help pilot innovative therapies and enhance treatment options. To support the centre, Budget 2019 proposes to provide Veterans Affairs Canada \$20.1 million over five years, starting in 2019–20, with \$5 million per year ongoing. (p. 176)

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This work will be complemented by that of the Canadian Institute for Military and Veteran Health Research (CIMVHR), which brings together a network of 43 Canadian university members, 10 global affiliates, four philanthropic organizations, three industry partners, several government departments and more than 1,700 researchers—all committed to improving the way that Canada cares for members of the military, veterans and their families. Organizations like the Royal Canadian Legion that need to develop effective, evidence-based services for veterans and their families rely on the research done by CIMVHR.



To ensure that the Canadian Institute for Military and Veteran Health Research can continue to respond to the unique health needs of military members, veterans and their families, Budget 2019 proposes to provide Veterans Affairs Canada with \$25 million over 10 years, starting in 2020–21, to fund CIMVHR’s ongoing operations. (p. 177)

**Comment:** Research Canada is delighted with Budget 2019’s investment in military and veteran health research in Canada! In Canada, we have 71,500 Regular Force members of the Canadian Armed Forces, 30,000 Reservists, 54,000 military families and 658,000 Veterans, many of whom have unique risks, exposures and experiences that demand new standards of treatment, prevention and care for both the ill and injured. Evidence-based solutions to address the needs of our military personnel and veterans are essential and only research in this area can guide clinicians in the right direction.

### ***National Pharmacare Strategy***

As a first step toward a national pharmacare program, the government announced \$35 million over four years, starting in 2019, to create a national drug agency. The new agency will assess the effectiveness of prescription drugs, negotiate prices on behalf of Canada’s drug plans, and develop a national formulary. To improve access to high-cost drugs for rare diseases, the government will also invest up to \$1 billion over two years, starting in 2020, and \$500 million a year thereafter.

**Comment:** Budget 2019 lays the groundwork for universal pharmacare but stops short of commitments to a specific national plan. The [Canadian Medical Association](#) has said that these are important steps moving in the right direction; however, they are small steps and it’s relatively slow progress at the end of this mandate of the government.

The [Health Charities Coalition of Canada \(HCCC\)](#) applauds the Federal Government’s commitment to supporting the health of Canadians with the establishment of the Canadian Drug Agency but raise the importance of Canadians being able to access the prescription medicines they require. They suggest patients be involved in the development of a comprehensive, evidence-based list of prescription drugs that will meet the needs of Canadians.

[BIOTECanada](#) makes the point that there are also remarkable innovative biological therapies being developed in Canada and around the world. It is imperative that Canadians are able to access these as well.

[Innovative Medicines Canada \(IMC\)](#) says that Canadians should expect their level of access to a wide range of innovative medicines be maintained or improved, regardless of whether they are currently covered by a private or public drug plan. IMC also noted the importance of considering any future national pharmacare model within the broader context of Canada’s life-sciences regulatory environment.

Minister Morneau has said that a pharmacare program cannot be created overnight and to “stay tuned” for more details, which leads us to believe that the Liberals may be setting pharmacare up to be an election platform issue or perhaps a pharmacare election! Stay tuned!

## Supporting Canadian Innovation

### ***Regulatory Regime for Innovation***

Building on consultations with stakeholders and the recommendations of the Economic Strategy Tables, Budget 2019 introduces the first three “Regulatory Roadmaps” to specifically address stakeholder issues and irritants in the health and bio-sciences sector, along with the agri-food and aquaculture and transportation and infrastructure sectors.

Budget 2019 proposes the necessary funding and legislative revisions so that regulatory departments and agencies can move forward on the Roadmaps, including providing the Canadian Food Inspection Agency, Health Canada and Transport Canada with up to \$219.1 million over five years, starting in 2019–20, (with \$0.5 million in remaining amortization), and \$3.1 million per year on an ongoing basis.

In the coming weeks, the Government will be releasing the full Regulatory Roadmaps for each of the reviews, as well as timelines for enacting specific initiatives, which can be grouped in the following three main areas:

- 1. Creating a user-friendly regulatory system:** The Roadmaps propose a more user-friendly regulatory system, including the use of more digital services (e.g. online portals, electronic templates), and clearer guidance for industry so that innovative and safe products are available for Canadians more quickly.
- 2. Using novel or experimental approaches:** The Roadmaps propose greater exploration, innovation, and the use of sandboxes and pilot programs for new and innovative products. This will allow these products to be approved for use in a risk-based and flexible way—encouraging ongoing innovation while continuing to protect Canadians’ health and safety, and the environment.
- 3. Facilitating greater cooperation and reducing duplication:** The Roadmaps propose greater alignment and coordination within the federal government and across Canadian and international jurisdictions. (p. 117)

To ensure that these Roadmaps can be implemented in a timely manner, Budget 2019 proposes to provide up to \$67.8 million over five years, starting in 2019–20, for Justice Canada resources. These funds will strengthen the Government’s capacity to draft the legislative and regulatory changes needed to facilitate a new approach to regulations in these sectors and others. (p. 118)

In order to better harmonize regulations across provincial and territorial boundaries, Budget 2019 proposes to provide \$3.1 million per year in ongoing funding to the Treasury Board Secretariat, starting in 2020–21, to support its leadership of the Government’s regulatory cooperation priorities at home and abroad. (p. 119)

**Comment:** Research Canada views Budget 2019’s commitments to invest and legislate change that will modernize and harmonize regulatory standards as a step in the right direction. These changes will help accelerate the pace of innovation and deliver impact to patients sooner. Approving new products and services faster, simplifying regulations and reducing costs for our health and bioscience industries through a harmonized regulatory regime can only build bridges between industry and regulators and foster innovation.

[IMC](#) was heartened to see the new “regulatory roadmaps” and hoped that they will assist in better aligning with industry realities. They encourage the government to apply this approach to the changes to the Patented Medicines Price Review Board, currently under consideration.

### ***Scientific Research and Experimental Development Tax Incentive Program***

The Scientific Research and Experimental Development (SR&ED) Tax Incentive Program encourages business innovation by providing an investment tax credit for businesses of all sizes, in all sectors, that conduct scientific research and experimental development in Canada.

To better support growing innovative businesses as they are scaling up, the Government proposes to eliminate the income threshold for accessing the enhanced credit. This will ensure continued enhanced support for small and medium-sized innovative businesses that are experiencing rapid growth in income or may have variable income from year to year; that is, at the exact time when continued Government support can help take a business to the next level. The capital threshold will continue to apply to ensure that the enhanced rate remains targeted toward small and medium-sized businesses. This change will build on other major initiatives put forward by the Government to help make Canada a leader in science and innovation, creating the jobs of tomorrow and building globally leading businesses. (p. 110)

**Comment:** To better support small and growing companies, Research Canada was pleased to see the elimination of the income threshold for accessing enhanced credit through the Scientific Research and Experimental Development (SR&ED) Tax Incentive Program. This move will help to ensure that small and medium-sized innovative businesses can take an innovative business to the next level.

### ***Global Talent Stream***

Building on the success of the Global Talent Stream pilot, Budget 2019 proposes to make the Global Talent Stream a permanent program. A permanent Global Talent Stream will give Canadian businesses expedited, predictable access to top global talent when Canadian workers are unavailable. To establish this new permanent program, Budget 2019 proposes to invest \$35.2 million over five years, beginning in 2019–20, with \$7.4 million per year ongoing. (p. 108)