



Federal Budget Misses Opportunity to Scale and Grow Health Science Companies

The 2016 Federal Liberal budget contains funding to support a much needed Innovation Agenda and promises to build globally competitive companies. At the same time the majority of this funding is directed to incubators and accelerators, granting councils and public institutions to support basic research. In order to compete in the \$9 trillion global health science economy, Canada needs to devote financial resources to health science companies at the next stage of development by investing in scale up, job creation and revenue generation.

The global market for health technologies, treatments and services offers an important opportunity to offset rising healthcare costs and growing patient demand, but Canada has not had a cohesive policy to build a leading health science industry and has a poor track record of deriving either patient, or commercial benefit from money spent on health research. The promised investment in an innovation strategy is a positive signal for Canada's healthcare industry but needs to go further.

Industrial and emerging nations are competing for investment and expertise to build domestic health science ecosystems that deliver true innovation, optimal health, economic growth, and knowledge-based jobs for their citizens. The potential benefits from commercial enterprise and exports represent a compelling reason for a strong health science industry. Further, the commercialization of health technology is an opportunity to diversify Canada's economy, create quality jobs and to ensure our highly educated workforce can stay here and build a future.

Canada must identify and implement an industrial policy for a commercial, globally competitive, healthcare industry that will bring us into the future. We cannot build our economy without the industries of the future and we can't build or attract those industries without an environment that is conducive to their success.

In the fall of 2015 and early 2016, the Ontario Bioscience Innovation Organization conducted a series of consultations with senior executives from multinational healthcare companies (MNEs) and with CEOs of companies headquartered in Ontario. The consultations were designed to: gather a picture of the future of the global health care industry; understand Canada's competitive position in today's environment; and gather ideas and recommendations for change that would see us compete for a place near the top of the global health care industry rankings.

Winning global jurisdictions/environments are characterised by their market opportunities and processes, agility, expertise and science and by data and analytics infrastructure accelerating discovery, development and commercialization. Currently, Canada is reasonably competitive with its well educated workforce, tax policies, clinical trial capabilities and the quality of the federal regulatory agency. Unfortunately it is no longer differentiated on these measures, as other countries have made significant investments in their own sectors and education systems. Canada has fallen behind on a number of metrics that are of concern if we are to compete in the global healthcare industry of the future. Key among these are: cost, speed and agility, health data infrastructure, innovative market access processes, an experienced labor force and access to capital for commercial purposes.

Ensuring that Canada secures a leadership position in the global health sciences economy, requires placing a priority on building a competitive environment and private sector industry as part of the healthcare ecosystem. This priority needs to be reflected in: an industrial policy, specific funding and tax incentives for health tech companies, strategies for building a receptive market and an environment where industry can succeed. Canada needs to build an experienced workforce, not through training programs but through industry jobs and immigration policies that enable knowledge transfer. We also need to invest in electronic medical records, databases and modern infrastructure to attract investment in clinical trials and medical research.

Neither industry nor government can implement these recommendations alone and the complexity of the Canadian health care system requires many levels of co-operation. However, the ability to compete in a \$9 trillion dollar global market while at the same time delivering better health outcomes and creating high quality jobs for Canadian talent, is well worth the effort. OBIO looks forward to working with the federal government on innovation strategy that will ensure Canada is successful in the global health sciences economy.