

2016 Federal Budget Highlights

Infrastructure

Recognizing the value to Canada of strong post-secondary institutions, Budget 2016 proposes to provide up to \$2 billion over three years, starting in 2016–17, for a new Post-Secondary Institutions Strategic Investment Fund, a time-limited initiative that will support up to 50 per cent of the eligible costs of infrastructure projects at post-secondary institutions and affiliated research and commercialization organizations, in collaboration with provinces and territories. This initiative is aimed at enhancing and modernizing research and commercialization facilities on Canadian campuses, as well as industry-relevant training facilities at college and polytechnic institutions, and projects that reduce greenhouse gas emissions and improve the environmental sustainability of these types of facilities.

These targeted, short-term investments in infrastructure projects will promote economic activity across the country and benefits for the Canadian economy and society well into the future. Work is underway, in consultation with the provinces and territories, to implement this initiative as quickly as possible.

Examples of Eligible Projects Under the New Post-Secondary Institutions Strategic Investment Fund

The new Fund will support investments of the following types:

- A university could convert under-utilized space into new research labs that advance its excellence in a specialized field of strength;
- A college could modernize or create sector-specific training facilities, including capacity for advanced areas such as Red Seal trades;
- On-campus incubators and accelerators could be expanded to increase and improve support for entrepreneurs and start-ups as they develop strategies to grow their business;
- College and university facilities that support prototype development or proof-of-principle assessment could receive investments in order to better serve the needs of industry partners; and
- Post-secondary institutions could retrofit existing buildings for research and development or advanced training activities with more energy efficient heating systems and pursue Leadership in Energy and Environmental Design standards.

Research and innovation

Innovation Agenda

In Budget 2016 the Government is defining a new vision for Canada's economy: to build Canada as a centre of global innovation. Canada will be propelled by its creative and entrepreneurial citizens; its leading science and technology; its excellent innovation infrastructure; and its globally competitive companies offering high-quality products and services, thriving within a business environment that supports commercialization and growth. Through 2016 and 2017, the Government will define a bold new plan, its Innovation Agenda, to achieve this vision.

Through 2016, the Government will redesign and redefine how it supports innovation and growth, in partnership and coordination with the private sector, provinces, territories and municipalities, universities and colleges, and the not-for-profit sector.

Granting councils

Recognizing the fundamental role of investigator-led discovery research in an innovative society, Budget 2016 proposes to provide an additional \$95 million per year, starting in 2016–17, on an ongoing basis to the granting councils—the highest amount of new annual funding for discovery research in more than a decade. These funds will be allocated as follows:

- \$30 million for the Canadian Institutes of Health Research;
- \$30 million for the Natural Sciences and Engineering Research Council;
- \$16 million for the Social Sciences and Humanities Research Council; and
- \$19 million for the **Research Support Fund** to support the indirect costs borne by post-secondary institutions in undertaking federally sponsored research.

Together with the funding provided to the granting councils in Budget 2015 of \$46 million in 2016–17 and ongoing, a total of \$141 million in new annual resources will be made available to the granting councils going forward.

Ensuring federal support for research is strategic and effective

To ensure that federal support for research, including through the granting councils, is strategic and effective, Budget 2016 also announces that the Minister of Science will undertake a comprehensive review of all elements of federal support for fundamental science over the coming year. In order to strengthen the granting councils and Canada's research ecosystem, the review will:

- Assess opportunities to increase the impact of federal support on Canada's research excellence and the benefits that flow from it;
- Examine the rationale for current targeting of granting councils' funding and bring greater coherence to the diverse range of federal research and development priorities and funding instruments;

- Assess the support for promising emerging research leaders; and
- Ensure there is sufficient flexibility to respond to emerging research opportunities for Canada, including big science projects and other international collaborations.

Genome Canada

To continue to support leading genomics researchers and promising scientific breakthroughs, Budget 2016 proposes to provide \$237.2 million in 2016–17 to support the pan-Canadian activities of Genome Canada to the end of 2019–20.

Establishment of Canada Research Chairs in sustainable technology

Budget 2016 proposes to provide \$20 million over eight years, starting in 2018–19, to create two additional Canada Excellence Research Chairs in fields related to clean and sustainable technology. These Chairs will be selected, in addition to the anticipated 20 new Chairs, as part of the upcoming competition to be launched in the spring of 2016.

Restoration of the freshwater research program

Budget 2016 proposes to provide \$197.1 million over five years, starting in 2016–17, to Fisheries and Oceans Canada to increase ocean and freshwater science, monitoring and research activities and to provide support for the Experimental Lakes Area in Northwestern Ontario. Funding will support new and expanded research activities that will promote the health of fish stocks and sustainable aquaculture, enable more comprehensive monitoring of the impacts of aquatic pollution, and enhance our knowledge of freshwater ecosystems.

Business accelerators and incubators

Consistent with the Government’s goals of defining outcomes and measures of success, Budget 2016 announces that the Government will work with stakeholders to develop a performance measurement framework for business accelerators and incubators in Canada. This framework will enable these organizations to benchmark their performance and drive improvement, help companies to choose their best options for support, and assist governments at all levels in increasing the effectiveness of public investments in this area.

Strengthening innovation networks and clusters

Translating Canada’s science and technology strengths into successful, globally competitive companies requires the private sector, post-secondary institutions, governments and other stakeholders to work together more strategically to achieve greater impact. Connections between knowledge producers and users—including researchers and firms—and collaboration within supply chains driven by market opportunities create value through innovation and support economic growth. Information gaps and coordination challenges may prevent these linkages from being developed to their full potential, impacting the strength of innovation ecosystems. To help address these challenges, Budget 2016 proposes to make available up to \$800 million over four

years, starting in 2017–18, to support innovation networks and clusters as part of the Government's upcoming Innovation Agenda.

Clean technology / natural resources

To support future investments, Budget 2016 proposes to provide over \$1 billion over four years, starting in 2017–18, to support clean technology, including in the forestry, fisheries, mining, energy and agriculture sectors. Further details about the allocation of this funding will be provided in the coming months as part of the implementation of the Government's Innovation Agenda. Budget 2016 proposes to provide over \$130 million over five years, starting in 2016–17, to support clean technology research, development and demonstration activities:

- \$50 million over four years, starting in 2017–18, to Sustainable Development Technology Canada (SDTC) for the SD Tech Fund. These resources will enable SDTC to announce new clean technology projects in 2016 that support the development and demonstration of new technologies that address climate change, air quality, clean water, and clean soil.
- \$82.5 million over two years, starting in 2016–17, to Natural Resources Canada to support research, development and demonstration of clean energy technologies. These resources will accelerate the innovation required to bring clean energy technologies closer to commercialization, reducing the environmental impacts of energy production and creating clean jobs.

Federal science facilities

As part of the federal infrastructure initiative, investments will be made to modernize, green and increase the capabilities of federal science, research and innovation facilities. Funding that will support business innovation includes:

- \$87.2 million for Natural Resources Canada projects across the country that support research in forestry, mining and minerals, earth sciences and mapping, and innovation in energy technology. This investment will extend the useful life of aging laboratories and reduce the impact of antiquated work spaces on the delivery of Natural Resources Canada's science priorities.
- \$8.7 million for Canadian Space Agency projects, including the rehabilitation of the anechoic chamber used at its Shirleys Bay, Ontario facility to simulate space conditions for the testing of large spacecraft and instruments. This investment will allow the Agency to continue to support technology development in Canada's space sector through state-of-the-art assembly, integration and testing capabilities
- \$18.5 million for National Research Council of Canada projects, including a leading-edge wave-making system at the St. John's towing tank, which is used to evaluate the performance of marine technologies and vehicles. The investment will respond to industry needs in areas including shipbuilding, deep water mining, and search and rescue.

Other

Centre for Drug Research and Development

Budget 2016 proposes to provide up to \$32 million over two years, starting in 2017–18, to fuel the growth of the Centre’s promising pipeline and contribute to fully reaping the benefits of Canada’s significant investments in health research.

Stem Cell Network

Budget 2016 proposes to provide up to \$12 million over two years, starting in 2016–17, to support the Network’s research, training and outreach activities.

Perimeter Institute for Theoretical Physics

Budget 2016 proposes to provide \$50 million over five years, beginning in 2017–18, to the Perimeter Institute to strengthen its position as a world-leading research centre for theoretical physics. Each federal dollar will be matched by two dollars from the Institute’s other partners.

Brain Canada Foundation

Budget 2016 proposes to provide up to \$20 million over three years, starting in 2016–17, for the Brain Canada Foundation’s Canada Brain Research Fund, which supports competitively awarded, collaborative, multidisciplinary brain health and brain disorder research projects. Federal funding for this initiative will be matched by resources raised from other non-government partners of the Brain Canada Foundation.

Youth opportunities, jobs and skills

Increasing co-op placements and strengthening work integrated learning

Recognizing the importance of demand-driven education and training, the Government will launch the Post-Secondary Industry Partnership and Cooperative Placement Initiative in 2016. The Initiative will support partnerships between employers and willing post-secondary educational institutions to better align what is taught with the needs of employers. The Initiative will also support new co-op placements and work-integrated learning opportunities for young Canadians, with a focus on high-demand fields, such as science, technology, engineering, mathematics and business. Total costs of this measure would be \$73 million over four years, starting in 2016–17. Further development of support for co-op placements will be integrated in the Government’s commitment to advance an Innovation Agenda to spur economic growth.

Mitacs

Budget 2016 proposes to provide \$14 million over two years, starting in 2016–17, to the Mitacs Globalink program. This funding will support 825 internships and fellowships

annually, helping Canadian universities to attract top students from around the world and enabling Canadian students to take advantage of training opportunities abroad.

Youth Employment Strategy

To expand employment opportunities for young Canadians, Budget 2016 proposes to invest an additional \$165.4 million in the Youth Employment Strategy in 2016–17.

Funding will be used to:

- create new green jobs for youth, to help young Canadians gain valuable work experience, learn about our natural environment and contribute to economic growth in environmental sectors;
- increase the number of youth who access the Skills Link program, which helps young Canadians—including Indigenous and disabled youth—make a more successful transition to the workforce; and
- increase job opportunities for young Canadians in the heritage sector, under the Young Canada Works program.

Prime Minister's Youth Council

To ensure the Government does a better job of understanding and addressing the needs of Canada's youth, over the course of the next year, the Government will develop and establish a Prime Minister's Youth Advisory Council, consisting of young Canadians aged 16-24 from diverse communities and from all regions of Canada. The Council will provide non-partisan advice to the Prime Minister on key issues such as employment and education, building stronger communities as well as climate change and clean growth.

Youth service

Budget 2016 proposes to provide \$105 million over five years, starting in 2016–17, and \$25 million per year thereafter in support of youth service. Further details will be announced in the coming months.

Expert panel on youth employment

Budget 2016 proposes to establish an Expert Panel on Youth Employment to assess the barriers faced by vulnerable youth in finding and keeping jobs, and to examine innovative practices used by governments, nongovernmental organizations and employers both at home and abroad to improve job opportunities for vulnerable youth. The Panel will report back to the Minister of Youth and the Minister of Employment, Workforce Development and Labour by December 2016. The Panel's findings will help inform future investments in this area, including enhancements to the Youth Employment Strategy.

Apprenticeships

To strengthen the role of union-based training providers, Budget 2016 proposes to provide \$85.4 million over five years, starting in 2016–17, to develop a new framework to support union-based apprenticeship training.

Labour market information

Access to timely, reliable, and comprehensive labour market information is critical to ensure that all Canadians, including students, workers, employers and educators, have the information they need to make informed decisions. The Government remains committed to working collaboratively with provinces and territories to provide information that will equip Canadians with the tools to access a broad range of job opportunities.

Canada Student Loans Program / student financial assistance

Budget 2016 proposes to increase Canada Student Grant amounts by 50 per cent:

- from \$2,000 to \$3,000 per year for students from low-income families;
- from \$800 to \$1,200 per year for students from middle-income families; and
- from \$1,200 to \$1,800 per year for part-time students.

Increased grant amounts will be available for the 2016–17 academic year.

Going forward, the Government will work with the provinces and territories to expand eligibility for **Canada Student Grants** so that even more students can receive non-repayable assistance. Under the new model, the existing low- and middle-income thresholds will be replaced with a single progressive threshold under which grant amounts will gradually decline based on income and family size.

The new eligibility thresholds are expected to be in place for the 2017–18 academic year, following consultations with provinces and territories. Budget 2016 proposes to provide \$790 million over four years, starting in 2017–18, and \$216 million per year thereafter to expand eligibility thresholds.

Budget 2016 proposes to increase the loan repayment threshold under the **Canada Student Loans Program's Repayment Assistance Plan** to ensure that no student will have to repay their Canada Student Loan until they are earning at least \$25,000 per year.

Budget 2016 proposes to introduce a **flat-rate student contribution** to determine eligibility for Canada Student Loans and Grants to replace the current system of assessing student income and financial assets. This change would allow students to work and gain valuable labour market experience without having to worry about a reduction in their level of financial assistance. It would also benefit adult learners, many of whom may work while studying or have significant financial assets. This measure will provide assistance of \$267.7 million over four years, starting in 2017–18, and \$73 million per year thereafter. The Government will work collaboratively with provinces and territories to finalize the flat-rate contribution model in time for implementation in the 2017–18 academic year.

Budget 2016 proposes to **eliminate the Education and Textbook Tax Credits**, effective January 1, 2017. Savings realized from eliminating these credits will be used to enhance student financial assistance, to help provide timely assistance to students from low- and middle-income families. Tax credit amounts carried forward from years prior to 2017 will still be claimable in 2017 and subsequent years.

Measures proposed in Budget 2015 related to the Canada Student Loans Program and Canada Student Grants will not be pursued in order to better target support to students from low- and middle-income families.

Indigenous education

Budget 2016 proposes to make substantial investments in primary and secondary education on reserve, totalling \$2.6 billion over five years starting in 2016–17, including the remaining funding previously announced in Budget 2014 for this purpose. This includes funding to address immediate needs and to keep pace with cost growth over the medium term. Budget 2016 also proposes to invest in language and cultural programming. Budget 2016 also proposes investments in literacy and numeracy programs and special needs education, which will contribute to improved education outcomes.

In order to achieve meaningful gains in education outcomes for First Nations, Budget 2016 proposes significant funding to support the transformation of the current on reserve education system through a respectful process of consultation and partnership with First Nations. In addition, the field of education is constantly evolving and the impact of policies on education outcomes should be closely measured and evaluated. Budget 2016 proposes funding for this purpose and to apply the latest education innovations to the First Nations context, including support for the Martin Aboriginal Education Initiative, which has a proven track record of significantly raising the literacy rate of First Nations children on reserve.

Ensuring Indigenous students have the same opportunities for success as other Canadian students also means ensuring Indigenous high school graduates can access post-secondary education. Many currently face a range of barriers in doing so. The Government will work with students, parents, educators and Indigenous groups to explore how to best ensure that students wishing to pursue post-secondary studies have the resources and supports they need to pursue their dreams and be full participants in the new global economy.

Renewal of Aboriginal Skills and Employment Training Strategy (ASETS)

Budget 2016 proposes to invest \$15 million over two years, beginning in 2016–17, to launch a pilot project to enhance training that aligns with community needs.

The proposed investments in Budget 2016 are the first phase of a renewed and expanded Aboriginal Skills and Employment Training Strategy. Over the next year, the Government will consult with stakeholders, including Indigenous organizations and employers, in order to work towards a renewed and expanded Aboriginal Skills and Employment Training Strategy.

Other

Budget 2016 announces the extension of the Automotive Innovation Fund, which is currently scheduled to sunset at the end of 2017–18, through to the end of 2020–21.